



## Carrington plan for EEC

Lord Carrington, the Foreign Secretary, put forward a three-point plan for the development of the EEC when he addressed the European Parliament in Strasbourg at the start of Britain's six months presidency of the Community. Page 12

## Missile costs soar, Nott says

Reports in *The Times* that the Defence Ministry had experienced difficulties with the Royal Navy's £1,000m Chevaline improvement to its strategic nuclear deterrent were confirmed by Mr John Nott. Cost of the programme had "gone bananas", he said. Page 3

## Gilts hit by new stock pricing

The Government is believed to have sold only half its latest £1,000m issue of index linked gilt-edged stock. The result is even more disappointing because the authorities have been forced to offer a higher than expected yield on stock already sold. Page 23

## Polish dockers halt ports

All ports in Poland came to a halt yesterday as dockers struck for an hour. They threatened an indefinite strike unless their demands for recognized rights and conditions were met. Page 8



## Admiral is new Playboy chief

Playboy's new chairman and managing director made his bow yesterday without a bunny girl in sight. He is Admiral Sir John Treacher, retired, and his job is to save the club's casino licences when the Gaming Board and police voice objections to their renewal next September. Back page

## War criminal goes free

Concentration camp survivors protested angrily when a Nazi war criminal who helped send 26,000 Belgian Jews to their death walked free from court yesterday after he was released pending confirmation of seven years in jail. Page 10

## Home of the Muse found

Italian archaeologists have identified Propertius' Home of the Muse at Assisi. It has wall-paintings and Greek verses describing them. It is the only house of a Greek or Roman poet to have survived from antiquity. Page 15

## Gold price falls

The price of gold fell \$9 yesterday to close at \$398.50, the first time it has been below \$400 since November 1979. High United States interest rates and the resulting strength of the dollar are cited as the causes of gold's decline in value. Page 23

## Brearely returns

Mike Brearely has been recalled to captain England in the next three Test matches against Australia but has confirmed that he is not available to tour India in the winter. Surrey will meet Somerset in the Benson and Hedges Cup final. Page 19

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## Eighth man joins the IRA hunger strikers

# Atkins fails to defuse Maze crisis

From Tim Jones and Richard Ford, Belfast

The hunger strike in the Maze prison, near Belfast, which has paralysed the British Government and increased tension and violence to a dangerous level, is to continue. That became clear last night when Mr Humphrey Atkins, Secretary of State for Northern Ireland, said that the only key to advancement was for the prisoners to call off their action, which has already claimed five lives. He said there was scope for further negotiation but not under duress.

The Provisional IRA responded by announcing that another prisoner, Patrick McGowan, aged 25, was to join the hunger strike. The Government's response was greeted with dismay by the Irish Commission for Justice and Peace, which had been trying for five weeks to break the deadlock. They said they did not regard Mr Atkins's statement as a serious attempt to end the crisis.

The message from Mr Atkins was relayed to the seven hunger strikers by a senior civil servant at 7.30 am yesterday, two hours, 19 minutes after Mr Joseph McDonnell had died on the sixtieth day of his fast.

After a Northern Ireland Office issued a statement saying he had "taken his own life by refusing food and medical attention", west Belfast was overtaken by sporadic violence. One youth aged 15 was shot dead when the Army opened fire on a group of men who, they said, were about to launch a petrol bomb attack on a bus depot. Local people claimed he had been murdered in cold blood. Cars and vans were blocked and set alight and gunshots opened fire on Army posts.

As hopes of ending the crisis faded, it became clear that the hunger strikers and the Government are mutually suspicious of each other.

On the one hand, the Maze prisoners say they are unwilling to end their strike until the Government meets in full their five demands while the Government states that there can be no concessions until they abandon the strike.

Reading from a statement by Mr Atkins, the civil servant told the seven hunger strikers how far the Government was prepared to go towards meeting their demands. Prisoners, the statement said, would be able to wear their own clothes for three hours each evening, at weekends and during exercise periods.

"At all other times they would wear civilian-type clothing of a non-uniform kind. By comparison with most other Western countries this is a liberal regime but we would not rule out the possibility of further development."

This is a crucial obstacle since the prisoners want to wear their own clothes at all times. Mr Atkins's insistence that no prisoners can be excluded from work in the prison workshops also conflicts with the republican demands for the right to organise their own activities within the prison compounds.

On another crucial question, the extent to which the prisoners would be allowed to associate with each other, the two sides seem to be close to reaching an understanding. On Saturday the E-block prisoners indicated that they envisaged free association within each wing of the blocks which are designed to accommodate 25 people. They said: "We do not envisage ourselves (although Mr Atkins does) running around the block as we please in large numbers."

Yesterday, Mr Atkins hinted that he would give serious consideration to the suggestion by the commission that adjacent wings should share association in recreation rooms and exercise areas. This, the statement said, depended on satisfactory arrangements being made for supervising and controlling movement. It could take time to arrange the necessary physical facilities to do that.

On the question of parcels and visits, the Government more than meets the prisoners' demands and answers their calls for remission by stating that a sentence can be halved for good behaviour. In practice prisoners who have given up their protest have had up to one-fifth of their remission restored.

Provisional Sinn Féin, the political wing of the Provisional IRA, said that Mr McDonnell had been "murdered" by the British Government because he refused to surrender his principles as an Irish republican. Unless the British Government conceded the demands, the remaining prisoners would continue the hunger strike.

"They disguised the Irish commission," said a well-known "bit naïve" and accused leading political and religious figures, including Cardinal Tomás O'Fiaich, Roman Catholic Primate of All Ireland, of "indifference and inactivity" which had facilitated British intransigence.

In Dublin, Dr Garrett Fitzgerald, the Irish Prime Minister, revealed that he had been in touch with Mr Margaret Thatcher and hoped that Mr McDonnell's death would not be used as an excuse to delay Continued on back page, col 2

# Gas unions to strike over showroom sale

By Rupert Morris

A one-day strike on Monday and the possibility of an indefinite strike soon afterwards were announced yesterday by unions representing 106,000 workers in the gas industry. Up to 14 million consumers could be affected.

The strike notice was in response to the Government's decision to allow the sale of gas showrooms to private companies. The British Gas Corporation is to sell off its 938 showrooms within five years and to cease its remaining activities. The unions claim that 30,000 jobs are at risk, and 3,500 staff are directly employed in the showrooms.

British Gas is worried that, if the unions carry out their threat, they might have to seal off gas supplies in every affected household, breaking in by force if necessary.

Mr David Siskaker, national officer of the National and Local Government Officers' Association (NALGO), one of the largest unions in the industry, said yesterday: "We shall fight with all means this insane decision. Union members will demonstrate their disgust by a day's strike on July 13."

"If our fears are confirmed, there is no way the Government will avoid an all-out strike."

The decision to order the sale of gas showrooms was taken in spite of opposition from Mr David Howell, Secretary of State for Energy, and several other senior ministers.

The Consumers' Association, manufacturers of gas appliances and the British Gas Corporation have all fought against the move.

But the Prime Minister is understood to have thought it to be a vital step in the Government's policy on selling to the private sector parts of the nationalised industries, a policy which so far has made little progress.

Last year's report on British Gas by the Monopolies and Mergers Commission concluded that the corporation's monopoly had acted against the public interest by restricting competition in the retailing of gas appliances.

Mrs Oppenheim said in her statement yesterday: "Having



Residents of Moss Side, Manchester, watching workmen make safe the shells of buildings burnt out in overnight rioting.

# Thatcher pleads with parents and teachers to stop young from turning to violence

By George Clark and Stewart Tendler

Revising her script for a Conservative Party political broadcast on television last night in order to comment on the riots in Liverpool, Mrs Margaret Thatcher carefully avoided any reference to unemployment as one of the causes of recent outbreaks of violence in Britain's big cities.

In the Commons on Tuesday, the Prime Minister had acknowledged that unemployment and, by implication, the Government's economic policy, could be among the causes of recent disturbances.

Last night, however, she referred to the events which have horrified us all, and appealed to parents, grandparents, teachers, people in jobs without jobs, black or white, to use their influence to dissuade people from violence.

"We all know that violence will destroy everything we value," Mrs Thatcher said. "Government and Parliament can make the law. Police and courts can uphold the law. But a free society will only survive if we know where we are going and teach our children to do so."

"That is why the violence must be stopped. The law must be upheld. People must be protected. Then we can put these terrible events behind us, we can begin to rebuild confidence. That is the urgent priority."

When it was put to one of Mrs Thatcher's political advisers that she might have been more positive about the message the Government intended to introduce "to rebuild confidence", he said that within a brief political broadcast it was not possible to enlarge on that statement.

In Whitehall officials were tackled on the same subject, but they confirmed that the Government was still working on the expansion of youth employment schemes and had nothing yet to announce. It would be ready with a statement of both short and long term measures before Parliament adjourned for the summer recess at the end of this month.

They, like Mrs Thatcher, emphasised the need to support the forces of law and order.

Mrs Thatcher said: "I had expected tonight to talk wholly about unemployment, but events in Liverpool have changed that. What happened there horrified us all. A thousand policemen embarked in one of our great cities, 200 injured, riot shields and CS gas needed to defend the very men to whom we all turn for protection."

"Nothing can justify, nothing can excuse and no one can condone the appalling violence we have all seen on television, which some of our people have actually experienced, and so many fear."

Rampaging gangs of youths who smashed and looted shops in Manchester and north London on Tuesday night were yesterday described as "copycats" speering the trouble in Tooting and Southall.

As Lord Scarman confirmed at a sitting of his inquiry into

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the Brixton riots that he would also consider the problems behind the Liverpool and Manchester troubles, senior police officers in London and Manchester said that the riots there men had fought were not racially motivated.

The trouble in the Moss Side area of Manchester included petrol bombs against a number of shops and bargages of stones against police lines, but no officers were injured. Mr James Amberton, Chief Constable of Greater Manchester, said that although black youths stirred the police this was not significant because most of the people in the area were black anyway.

In London the trouble around a shopping area at Wood Green, north London, was described by one senior policeman as premeditated, while Deputy Assistant Commissioner Peter Neill said that police were entitled to the proper equipment. "If water, cannon and rubber bullets were necessary, then that is the path we will have to take."

Mr David Lane, chairman of the Commission of Racial Equality, said that racial hatred at Tooting was the price to be paid for not tackling

with speed the problems of inner cities.

Four hundred Manchester police officers were involved in the Moss Side incident and up to 500 in London. Police were called to the Wood Green area, a fairly prosperous and polyglot north London suburb. The damage in the Manchester district was put at over £250,000 and in north London nearly 60 shops were damaged or looted.

In Liverpool the local branch of the Young Socialist section of the Labour Party put out a leaflet calling for street committees to "defend us from the police attacks and also to prevent those who are exploiting the situation as an opportunity to loot."

At the weekend the Young Socialists were accused of inflaming the situation in Tooting with an earlier leaflet. In their latest they say that the police must be pulled out of the area and charges dropped against those arrested.

□ The Prince of Wales has intervened to help the young people of Tooting involved in the riots (Ronald Kershaw writes). Buckingham Palace last night confirmed that he had asked the Prince's Trust if anything could be done. The trust was established in 1975 to support experimental schemes to help young offenders in enterprises devised by themselves.

He is very concerned about Tooting and the trust will help in any way it can," it was said at the Palace.

# Whitehall axeman's front line dispatch

By George Clark  
Political Correspondent

Sir Derek Rayner, joint managing director of Marks and Spencer and the Prime Minister's special adviser on the elimination of Government waste, less politely known as "the Whitehall butcher" and "Maggie's Axeman", told an audience of MPs and journalists yesterday that rumours of his imminent resignation from his secondary job were unfounded.

"I was not permitted to relinquish any of my executive responsibilities in Marks and Spencer and they are wide ranging," he said. "But I am going to reduce the amount of time I spend on the Government task. I have had one holiday in the last 18 months and have had very few weekends and evenings off. I find that, as a human being, I cannot go on that way."

"I do not intend to disappear, but I intend to spend less time achieving the results. I know the field of my inquiries pretty well—and my enemies rather better."

Reporting on his achievements at a luncheon of the Parliamentary Press Gallery, Sir Derek said that expenditure on campaigning had been reduced by a quarter or £25m and the staff reduced by 2,250. Obviously the progress was slow because it was not possible to throw out a lot of commitments in a short period. He was aware of the constraints on immediate action which he had to recognise.

His second task had been to examine the bases of Government work, asking the question: "Should it be done at all?" He knew from past experience in Government that there were a lot of frustrated people, particularly in the middle thirties, who, given the chance, would strive to do better. The result in 1979-80 was to identify savings of £190m that could be made. It would take some time "to deliver", but to save that amount on administrative costs was a major achievement.

More reductions were expected from the examination of the forms of support given for research and development. Sir Derek commented wryly that in the course of his inquiries he had become familiar with the phrase used by Mr Joe Barnett, MP, the former Chief Secretary to the Treasury, that "one man's waste is another man's living". He had received more mail from the public and even MPs telling him not to take such action to reduce public expenditure than letters telling him to stop some government activity.

In one office he discovered that the rules to be applied by the civil servants ran to 40 volumes and that anyone would shelf. When a person came in with a claim, the officials were supposed to check the claim according to the rules.

"How can you expect any ordinary human being to absorb that amount of material?" asked Sir Derek. "It was not only the rules, there was an enormous turnover of staff, over 48 per cent a year, which meant that the supervisors were continually employed teaching people the rules."

Coming from business, he was

Continued on back page, col 1

# Begin says he has majority

From Christopher Walker  
Jerusalem, July 8

After a period of hectic political bargaining, Mr Menachem Begin, the Israeli Prime Minister, announced tonight that he had received sufficient support from minor parties to form a new Government with the necessary 61 seats in the Knesset to command a majority.

Mr Begin did not spell out his support in detail, but it is known to come from the National Religious Party, its ethnic offshoot called Tami and the ultra-orthodox Agudat Israel Party.

Since the election, leading members of all those groups have held private conversations with Mr Begin and his associates, and it is understood that final details of a coalition will still have to be worked out in private meetings over the next few days.

In his first television interview since the election, the Prime Minister claimed tonight that his new Government would be a stable "majority" and that, in a democracy, one was enough.

Mr Begin said that although Mr Moshe Dayan, the former Foreign Minister, Mr Begin said he had already had two hours of talks with him and would be suggesting more when Mr Dayan returned from a foreign visit next week.

Mr Begin hinted strongly that Mr Ariel Sharon, the hard-line Minister of Agriculture, would be switched to the defence portfolio.

# We know where we are going, Reagan insists

From Nicholas Ashford, Washington, July 8

The United States does have a cohesive foreign policy and "we know where we are going," President Reagan declared last night, defiantly rejecting criticism of his failure to make a significant foreign policy speech.

Addressing a \$1m (£515,000) fund-raising banquet in Chicago, he said it was not necessary to spell out in detail foreign policy, which would guide every move the United States makes in international diplomacy. "Basically good foreign policy is the use of good common sense in dealing with friends and political adversaries," he said.

The President went on to say that his administration had already achieved a number of important foreign policy accomplishments.

It had laid the foundations for a long-term build-up of American armed forces that will lead to increased American security, begun to strengthen ties with Japanese and European allies, helped to avert a war in the Middle East through the mission of Mr Philip Habib; injected "new vigour" into America's relationship with Pakistan; started on a realistic solution to the Namibia problem; and begun to attack the causes of instability in the Caribbean while making it clear the United States would not tolerate Cuban interference in the area.

The President went on to remind his listeners that throughout last year's election campaign he had emphasised that his first step towards a credible foreign policy would be a renewal of America's economic strength and a return to prosperity. He drew an analogy between the economic problems which his Administration inherited with the situation in Poland.

Mr Reagan devoted most of his speech to drumming up popular support for his economic recovery programme, particularly his plan for a 25 per cent tax cut spread over three years, which he wants Congress to approve by the beginning of August.

He urged his audience to put pressure on Mr Dan Rostenkowski, a local Democrat Congressman and chairman of the House ways and means committee, to "provide the leadership necessary to report a tax Bill to the House floor in time for Congress to debate it."

Trade policy unfolded, page 8

# Blaze halts SR trains

By a Staff Reporter

Rail services through Clapham Junction station in south London were severely disrupted last night after a long covered footbridge caught fire. All lines at the junction were out of action, except for four running into Victoria. British Rail said: "Services have been brought into total and absolute disruption."

Trains from Hampshire, Wiltshire, Dorset and west Surrey were terminating at Barnes, Wimbledon and Richmond. London Transport was helping out by accepting railway tickets to

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# Strike threat as miners step up call for Belvoir go ahead

From Paul Routledge, Labour Editor, St Helier

The threat of a miners' strike over pit closures resurfaced yesterday as the National Union of Mineworkers stepped up its pressure on the Cabinet to go ahead with the proposed Vale of Belvoir coalfield.

At the union's policymaking conference, left-wing and moderate coalfield leaders alike pledged support for industrial action to sustain and increase Government investment in the coalmining industry to halt the decline in jobs.

Sir Derek Ezra, chairman of the National Coal Board, said after an emotional debate on the future of the industry: "I would deplore any form of industrial action. I hope there is no reason for it."

"I hope the Government will accept that we are moving in the right direction and that investment is justified. What more has an industry to do than show good results?"

Delegates to the conference unanimously backed a resolution condemning the alleged "duplication" of Mr Michael Heseltine, Secretary of State for the Environment, over his reported decision not to permit mining in the Vale of Belvoir, Leicestershire. The union called on the Cabinet to reverse this decision.

They demanded that the full

Cabinet should overrule the Minister's recommendation and allow the £1,000m project for three new pits employing 4,000 men to proceed. Other areas are insisting on investment in their coalfields, including pits which, until the strikes in February, were on the coal board's list of 23 scheduled for accelerated closure.

Mr Emrys Williams, president of the South Wales area, moving a resolution rejecting all closures except on grounds of proven seam exhaustion, reminded delegates that the stoppage by Welsh pitmen had triggered off the action that won an extra £300m from the Government.

But he accused the coal board of trying to do by stealth what it had failed to achieve through the abortive accelerated closure scheme, through piecemeal redundancies and non-recruitment.

The industry lost 9,000 jobs during the past year. "Our patience is rapidly becoming exhausted," Mr Williams warned. "Unless we get something positive than we go back and ask the men to extend our stoppage until we get total victory."

Mr Sidney Vincent, Lancashire miners' secretary and a moderate, bringing out his coalfield if action was not taken to stem the loss of

jobs.

Mr Jack Collins, Kent area secretary, said his own small three-pit area, if threatened, would go out on strike and demand that the bigger areas stand by them.

The Duke of Rutland's stand against exploitation of the 550m tonnes of recoverable coal in the Vale of Belvoir was attacked by Mr Ray Chabot, the Nottinghamshire miners' president, who told delegates: "He said he would lie down in front of the bulldozer that removed the first sod. I can assure him the miners of Nottinghamshire and Leicestershire are gunning up to drive that bulldozer."

After his address to the conference, the coal board chairman deployed all talk of industrial action, arguing: "We must not be blown off course. Reducing investment or having a big strike over pay would blow us off course." He also insisted that permission to develop the Belvoir scheme was "essential for the industry's future plan". Without it, 4,000 men working in six short life pits nearby would lose their jobs.

"This is an issue on which there is complete accord between management and the unions," Sir Derek told delegates. "If this scheme does not go through it puts the whole Plan for Coal out of gear."

## Unions deny Labour extra funds

By Our Labour Reporter

Trade union leaders yesterday rejected an appeal from the Labour Party for an increase in affiliation fees which would raise £50,000 to help the party out of its difficulties.

Leaders of most of the unions affiliated to the party met. Labour officials and bluntly told them that unless the party reduced its administrative costs, the unions would not be prepared to provide extra funds.

The unions believe that too much of the party's £3.1m budget this year is being devoted to headquarters expenditure, with insufficient funds being directed to the regions and for work in marginal constituencies.

In a condemnation of the party's financial organisation, the unions have decided to set up an independent trade union management company which will husband union funds which are being set aside to help the party during the next general election campaign.

Party leaders have estimated that they will need £3m to fight the next election, but the unions are clearly not prepared to put resources into an election fund controlled by the party. The unions believe money from such a fund would be diverted to meet operating costs.

In spite of the unions' firm stance on party finances, yesterday's meeting held in a London hotel was agreed that the party should not be allowed to fall into severe financial difficulties.

Mr David Bennett, general secretary of the General and Municipal Workers Union and leader of the Trade Unions for Labour Victory, said after the meeting: "This was the start of a new era. It was a statement that the unions can help the Labour Party. There is no way the unions will leave the party financially embarrassed."

The financial difficulties were spelt out by Mr Norman Ashworth, treasurer of the TUC. He said the party's financial position was "untenable" and that the party could stay within this year's budget but are worried about a possible deficit next year. No provision has been made for accumulated debts of about £200,000.



Photograph by Keith Waldegrave

Horses and riders of the Royal Military Police train at Aldershot yesterday for royal wedding day, when they will form the mounted escort for Lady Diana Spencer on her journey from Clarence House to St Paul's Cathedral. Schoolchildren cheer and a soldier fires blank cartridges so that the horses will be prepared for any sudden noises along the route.

## Police will turn backs on wedding

By John Witherow

Police lining the route for the Royal wedding will be ordered to turn their backs on the procession as part of the biggest security operation mounted by Scotland Yard.

The policemen, stationed every five yards along the route between Buckingham Palace and St Paul's Cathedral, will be told to watch the crowd for suspicious behaviour.

Deputy Assistant Commissioner John Radley, in command of Metropolitan Police operations, said yesterday that the order might appear disrespectful to the Royal Family and unfair to policemen, but it was necessary for security.

The decision was made before an incident last month at the wedding of the Duke of Kent, when a crowd of people gathered near the Queen.

Thousands of police will be

drafted in for what he called the biggest security operation mounted by the Metropolitan Police. Some will be armed and stationed on rooftops or among the trees.

Policemen will also be told to get to know members of the crowd standing close to them, and the public is urged to "adopt a hushy" so it will be easier to pinpoint people behaving in a suspicious way.

Plainclothes policemen will be mingling with the crowd and Mr Radley added that it would not be uncommon if spectators told uniformed police that these men were behaving unusually.

Every building along the route has been visited by police who have asked for lists of names of all people who will be inside on July 29.

Mr Radley said that from early on the day of the wedding it would be almost impossible

for people lining the route to move. He expected crowds 20-deep along The Mall, with people beginning to take up the best positions at least a day before.

Several roads around the Palace, including The Mall, Birdcage Walk and Constitution Hill, will be closed to vehicles from 7 pm on Tuesday, July 28. Most of the roads close to the route will be sealed off at 4 am on Wednesday. Pedestrians will be allowed to take up positions, but by 8.45 am the police expect the crowds to become so dense it will become difficult to move.

The police appealed to people to travel to central London by public transport and not to carry valuables. "It will be a field day for pickpockets," Commander Douglas Greig, in charge of the operations room at Scotland Yard, said.

## The Tories' day at Warrington

From Philip Webster, Political Staff, Warrington

Mr Stanley Sorrell, the Conservative candidate in danger of becoming the forgotten man in the Warrington by-election, at last took the limelight from his Labour and Social Democrat rivals yesterday.

It coincided with the arrival in town of Mr John Nott, Secretary of State for Defence, the first of the Cabinet heavy artillery drafted in amid consternation, fuelled by recent opinion polls, that Mr Sorrell's deposit might be in jeopardy and that the SDP-Liberal alliance could make big inroads nationally into the Conservative vote.

Mr Sorrell won the morning headlines with a controversial demand at his press conference for courts to be empowered to sentence offenders aged 11 or 12 to short, sharp shock spells at reception centres, and for parents to face heavy fines for the misdemeanours of children involved in rioting.

"Enough is enough. We have got to bring more discipline back to this country," he said.

Then he stood aside at another press conference as Mr Nott lambasted the unemployment programme of Mr Roy Jenkins, the SDP candidate, as grandiose and gimmicky. Only medium-term damage could result from the increased borrowing proposed, because higher interest rates would put even more pressure on industry at a time of low profitability, Mr Nott said. "It is the chequebook policy of spend, spend, spend."

A better day for the Conservatives continued when Mr Nott and Mr Sorrell went walking in the Golden Square shopping precinct, the first two interviewees turned out to be lifelong Conservative voters, and the third, Mr Albert Peers, aged 71, a Labour man, promised to vote Tory after hearing that Mr Sorrell favoured capital punishment.

At Labour's headquarters Mr Douglas Hayle sounding less and less the Bennite his adversaries attempt to portray, clarified his stance on nationalisation. He is for public investment in high risk technology industries and for a voluntary agreement under which pension funds, under-written by the Government, would finance industry.

He is against nationalisation of the banks and insurance companies and a proposal to phase-out mortgage tax relief.

Mr Jenkins, meanwhile, denied that his unemployment programme amounted to Bennism without the import controls. It laid great stress on the need for a profitable private sector.

## Benefits staff may be suspended

By David Felton, Labour Reporter

Indications that the Government is planning to take new retaliatory measures against the Civil Service unions came yesterday when the Department of Employment threatened to suspend benefit payments staff "blackening" unemployment giro cheques.

Two civil servants, in Keighley and Glasgow, have been threatened with suspension from today unless they agree to work normally. But the department made clear that it would take similar action, if necessary, in all 1,000 unemployment benefit offices.

The unions have tried to progressively halt the supply of giro cheques after the closure of two benefits computers at Reading and Livingston, where 117 staff are on strike. The main stationary office in Watford, which distributes cheques to the benefit offices, is being picketed.

The department said last night the unions had instructed members to "black" giro cheques transferred between offices to avoid local shortages. Union members are writing the cheques by hand but Post Office workers are refusing to cross the Watford picket line and deliveries to offices have stopped.

In another statement from the Government, Mr Francis Pym the Paymaster General, said he was deeply concerned at the difficulties facing people trying to get public service pensions because of a strike at a computer centre at Crawley.

Mr Pym has refused to meet the unions to discuss processing pensions manually.

A third of the population thinks the strike was justified despite the Government's 7 per cent pay offer, and a quarter think the civil servants should continue to press for more, a poll by Opinion Research and Communication suggests.

## Demand for ending of union civil law rights

By Donald Macintyre, Labour Reporter

The eventual removal of most civil law immunities enjoyed by trade unions is envisaged in evidence to the Government's review of labour law from the Centre for Policy Studies.

The centre, founded as an independent think tank by Mrs Margaret Thatcher and Sir Keith Joseph, seeks early measures to make unlawful industrial action and strikes which break procedure agreements.

Those, along with compulsory second ballots before strikes, and for the election of union governing bodies are seen by the centre's Trade Union Reform Committee as the minimum essential measures which it wants to see enacted by this Parliament.

In some of the toughest evidence so far, the committee, whose chairman is Sir Leonard Neill, former chairman of the Commission for Industrial Relations, "welcomes the fact that the government seems prepared to consider another instalment of trade union reform."

For the longer term, however, the submission goes well beyond present Department of Employment thinking by contemplating the removal of immunities without replacing them with a system of statutory trade union rights.

Instead, the committee suggests that immunities (from civil actions for damages caused by industrial disputes) could be ended and trade unions instead given the corporate and limited liability status enjoyed by companies.

The committee rejects the suggestion in the department's Green Paper on the subject that simply to repeal the immunities and return to common law would make it virtually impossible for trade unions to exist and operate lawfully at all.

It says that under common law many trade union activities

such as welfare, research, information services and provision of legal assistance and advice to members would continue "quite untroubled".

The unions would still be able to bargain, negotiate, and lobby Parliament. In today's climate of legal opinion, many forms of industrial action would also remain protected by the ordinary law.

The submission adds: "If in addition the unions were also given... status as limited companies, they would secure additional protection... immunities... current opinion, are not a *sine qua non* of effective trade unions."

In the shorter term the committee says that the definition of a trade dispute should be narrowed so that industrial action in breach of agreed procedures falls outside the protection of trade union immunities.

The committee argues that ballots for calling off strikes should not be automatic but that ballots for calling strikes should. They add: "Those who equate the two are in effect regarding strikes as a normal and admirable feature of industrial relations rather than one which should be discouraged. It should, therefore, be easier to call off a strike than to call it."

On closed shops, the committee urges the Government to promise that it will implement the decision of the European Court of Human Rights which has been considering the case of three British Rail employees dismissed for refusing to join a union.

In urging that unions engage in a secondary action would lose their immunities, the committee says that the essence of such action is that "innocent firms, and workers are hit by a dispute that has nothing whatever to do with them."

## Thorneycroft seeks £1m

By Our Political Correspondent

Lord Thorneycroft, Conservative Party chairman, went to the City of London yesterday with an urgent appeal for at least £1m to cover spending this year.

He said: "The gap between what the party treasurers estimate they will receive this year and the legally-reduced expenditure to which we are committed is, after interest, a million pounds."

"We have cut deeply into our spending; we can no longer afford the admirable services of Saatchi and Saatchi; we have reduced independent opinion research to a bare minimum; we have eliminated the community affairs activity as a separate department; we have made 40 staff redundant; and we can afford no pay increase for anyone working in the Central Office or the area organisations."

Lord Thorneycroft told the City of London and Westminster Conservative Association that if the party managers cut further it would damage the party's capability of fighting the next general election.

## Observer talks founder over editorial freedom

By Our Labour Reporter

Difficulties surrounding the prospective takeover of The Observer by the Lomro group deepened yesterday when negotiations with the newspaper's journalists foundered over the crucial issue of future editorial independence.

The National Union of Journalists' chapel (office branch) agreed a strongly-worded motion which said that it would refuse to have any dealings with the independent directors suggested in the Monopolies and Mergers Commission report which recommended that the takeover should go ahead.

The resolution continued: "We regard the editorial safeguards proposed by the commission as wholly inadequate and warn the Secretary of State for Trade that if no improvements are forthcoming, there is a real danger of editorial standards falling and the public interest being at risk."

Members of the 90-strong chapel, which has been supporting Mr Donald Treford, the editor, in his fight for stronger guarantees on editorial independence, also reiterated its demand to be able to nominate one representative to sit on the newspaper's board.

Negotiations between the chapel and Lomro executives broke down after the company refused the demand for a seat on the board.

The journalists believe that the independent directors suggested by the commission would not have the full trust of all the parties. After the breakdown in negotiations, officials at the Department of Trade called in Lomro, the NUJ, The Observer's management and representatives of Atlantic Richfield, the present owners, for talks.

Those discussions yesterday morning apparently made little progress, but a further meeting at the department, which Mr Treford was attending, was taking place last night.

It is understood that all the parties were coming under pressure from the department to reach an agreement because Mr John Biffen, the Secretary of State for Trade, is due to make a statement on the takeover to the Commons today and he was hoping to be able to announce that there had been an agreement.

The journalists are insisting that they should be consulted on the appointment of the independent directors.

The management has threatened not to produce The Observer this weekend unless it received guarantees to limit its production from the National Society of Operative Printers, Graphical and Media Personnel (Naxopa).

Leading article, page 17

## Stolen works in catalogue

By Geraldine Norman, Sale Room Correspondent

Two paintings stolen from Dr Fritz Rothman, of St John's Wood, a Rubens oil sketch of Aeneas and a Flemish school "Last Supper" were included in a Sotheby's sale catalogue for June 24, it was revealed by Scotland Yard yesterday. The paintings, together with some £7,000 worth of silver, were taken when Dr Rothman's home was burgled on May 21.

The police contacted Sotheby's some 10 minutes before the paintings came up for sale and they were withdrawn from the auction.

It appears that between the May 21 burglary and the consignment of the paintings to Sotheby's in early June the paintings had passed through the hands of at least six dealers.

## YOUNGEST SIDE IN CHESS FINAL

By Harry Golombek, Chess Correspondent

The semi-finals of The Sunday Times national schools chess tournament were played yesterday at the St Ermy's Hotel, central London. The four qualifying teams included King Edward VI School, Southampton, which holds the title, and Watford Boys' Grammar School, last year's runner-up.

The holders were paired with St Paul's and it was soon apparent a big upset was to take place, since the first results were in favour of St Paul's, the youngest side in the contest.

Two players aged 12, Nicholas von Schlippe and Michael Arundale, won in quick combative style, and though Steven Bell beat Jonathan Hodgson on top board the holders never recovered and lost the match by 2-4.

Watford Grammar, with another young side, proved too good for Manchester Grammar and won by 3½-2½. So the final, today is between St Paul's and Watford Grammar. A close struggle is anticipated.

Detailed results: 1. King Edward VI v St Paul's with King Edward's first: S. Bell 1, J. Hodgson 0; P. Stevenson 0, Daniel Rosen 1; A. Kish 1, H. Shovel 1; J. Forder 1, A. Ismael 1; M. Buchanan 1; K. Rake 1; R. Shahan 0, M. Arundale 1.

Match 2. Manchester Grammar v Watford Grammar with Manchester's names first: S. Niman 1, S. Briggs 1, M. Goodger 0, Sachs 1; T. Fife 0, I. Thomas 1; M. Trevelyan 0, A. Clarke 1; S. Richmond 1, D. Buchanan 0; J. Clements 1, G. Streeter 0.

Yesterday's and today's matches see the end of 24 years of sponsorship by The Sunday Times of an event which attracts up to 1,000 entries from teams which have produced all five of Britain's international grandmasters. The Times is to be the new sponsor.

## FERRY SERVICE IS REPLACED

The night Sealink service from Weymouth to the Channel Islands will operate as normal tomorrow and on Saturday. Sealink withdrew yesterday's cancellation of the service.

The company said the ferry Earl William, which is being repaired after touching bottom at Jersey, will be replaced while it is out of action.

At Labour's headquarters Mr Douglas Hayle sounding less and less the Bennite his adversaries attempt to portray, clarified his stance on nationalisation. He is for public investment in high risk technology industries and for a voluntary agreement under which pension funds, under-written by the Government, would finance industry.

He is against nationalisation of the banks and insurance companies and a proposal to phase-out mortgage tax relief.

Mr Jenkins, meanwhile, denied that his unemployment programme amounted to Bennism without the import controls. It laid great stress on the need for a profitable private sector.

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Leading British Golfer

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## Nott says cost of Chevaline 'has gone bananas'

From Philip Webster, Warrington

Mr John Nott, Secretary of State for Defence, admitted yesterday that his ministry had experienced difficulties with the Royal Navy's controversial £1,000m Chevaline improvement programme and that the cost of the programme had "gone bananas".

Mr Nott, speaking at a press conference in Warrington where he was campaigning on behalf of Mr Stanley Sorrell, Conservative candidate in the by-election, was making reports published in *The Times* in the past eight days.

He said the Ministry of Defence thought it knew what had gone wrong with the new front end for the Polaris missile. He hoped that the first of the Chevaline-improved warheads would be in service by mid-1983.

The *Times* reported on June 30 that the warheads and decoys of the complicated Chevaline system had failed to separate properly in the most recent of flight trials off Cape Canaveral, Florida. It reported yesterday that the Commons Public Accounts Committee is to investigate procurement of Chevaline in the next session. Cost estimates rose from about £250m in April 1974, to £1,000m in January 1980.

Mr Nott described as nonsense a contention in a letter to *The Times* on Monday by Air Vice-Marshal Stewart

Manual that the Trident missile system could be obsolete before it was introduced in the early 1990s.

The air vice-marshal wrote that the most important aspect of recent intelligence information about Soviet activities was their huge research and development efforts in space-based chemical lasers and charged particle beam weapons.

Against such defences, in the latter part of this decade or the first half of the next, the Chevaline programme would be useless and Trident might be obsolete before it was introduced in 1992-95.

Mr Nott said there were no grounds for believing that a system would be developed in the next decade which could successfully knock out a ballistic missile system.

Mr Nott asked whether it was really suggested that the United States would be considering going into the Trident II ballistic missile system and the MX missile system if it believed a laser and particle beam weapons system could knock out ballistic missiles was about to be invented.

"Is it suggested that the Soviet Union would be going into a whole range of new ballistic missile systems if they believed they could get lasers up into space which could knock out ballistic missiles? We know they cannot."

## Widow wins battle over £478 rates debt

From Our Correspondent Cambridge

Mrs Agnes Parker has staunchly refused to pay any rates on her property in Woodside, Longstanton, near Cambridge, because she feels she has paid enough throughout her life and because she will not accept any "charity" in the way of benefits from the Government.

Yesterday Mrs Parker, who brought up eight children in a tiny, thatched cottage, was pushed before Cambridge magistrates in a wheelchair to be questioned about her means and why she had not paid the South Cambridgeshire District Council £478 rates on the old cottage and the bungalow in which she now lives, which was built to replace the cottage.

Mrs Parker, who is totally deaf, was told by the magistrates that because of her refusal to pay the rates she would spend one day in custody but because of her age and physical state the court had decided she could be freed immediately. Then the magistrates told her she would not have to pay her outstanding rates.

Mr Robert Turrell-Clarke, for the district council, said later: "We must consider an appeal against this decision since it would appear to destroy the whole system of collecting rates."

Earlier, Mrs Parker told the court: "I object to seeing old people legally robbed and not having sufficient money to sustain the means of life. I have not claimed any benefits from the state because I have seen the results of that sort of thing in riots in Britain and other places which have been caused by getting something for nothing. My children do not riot, they do not take drugs and they do not take anything from the state."

Mrs Parker's daughter, Mrs Mary Norris, flew from Sweden for the case and said in the court: "My mother brought up eight children in very poor conditions and the cottage she lived in previously was almost falling down, with rain coming through the thatch. It took the family years to have the bungalow built. Because she has been thrifty she has been penalized."

## BAN ON BIG LORRIES DEFERRED

By Michael Bailey Transport Correspondent

The proposal to ban heavy lorries from the centre of London has been deferred, pending further consultation.

Mr David Wetzel, chairman of the Greater London Council Transport Committee, said yesterday that while the ban would have produced pleasant conditions in the boroughs of Barnet and Enfield it would have meant difficulties in neighbouring areas.

The GLC was examining the possibilities of a London-wide ban on heavy lorries. Meanwhile, shifting a problem from one part of London to another was not an answer.



Tricycle made for three: Mrs Olwyn Beattie, of Fleet, Hampshire, no longer worries about the price of petrol. Her conversion to pedal power came as garage bills piled up to run an elderly banger as the family's second car.

## Curbs sought to beat fish disease

By our Agriculture Correspondent

Strict controls to safeguard fish farms and rivers against the import of virulent diseases have been proposed by the Government yesterday.

A Green Paper also said new powers were needed against salmon poaching.

Mr. Alick Buchanan-Smith, Minister of State for Agriculture, Fisheries and Food, said: "Some of this stuff, specially on diseases, has not been touched for nearly 50 years."

The Government said in the paper that changing patterns of international trade had increased the danger of British stocks being infected by serious exotic diseases hitherto unknown in this country.

It wanted compulsory slaughter without compensation for two tropical fish diseases never yet found in Britain: viral haemorrhagic septicaemia and infectious haematopoietic necrosis.

The government also wanted wide powers to ban the import of live sea fish and dead trout that were thought to be diseased.

Proposed controls extend to crab and lobster tanks in restaurants and shops.

Mr Buchanan-Smith said: "We are giving people until the end of October to comment."

"On salmon, I suppose the most controversial thing we suggest is retaining drift netting off the Northumberland coast."

The Green Paper said there could be no free-for-all in salmon fishing. "Salmon have always been vulnerable to small-scale poaching, but today the threat posed by illegal netting is of a totally different magnitude and must be curbed."

Review of Inland and Coastal Fisheries (Ministry of Agriculture, Whitehall Place, London SW1).

## Concern by lawyers on confessions

By Our Legal Correspondent

Two influential lawyers' bodies, the Law Society and Justice, have criticized some of the proposals made by the Royal Commission on Criminal Procedure for widening enough safeguards for a suspect in police hands.

The society, in a report published today, is particularly concerned at the commission's proposals on the admissibility of the trial of confessions obtained by improper means.

The commission, according to the Law Society, would rely largely on internal police disciplinary measures to keep the police from exceeding their powers of interrogation. The society "fundamentally disagrees, and considers that in the absence of any adequate alternative, the existing system of judicial control of interrogation should be retained and strengthened."

The same point is taken even more strongly by Justice, the British section of the International Commission of Jurists, in its annual report. "We quarrel seriously with the failure of the commission to recommend adequate safeguards against fabricated admissions or false confessions obtained by improper means."

"No incriminating statement should be admissible in evidence unless it is authenticated either by a magistrate, or by a solicitor or by a tape recorder."

The commission's proposals will provide "no protection against improper pressure or falsification except statutory rules to be policed by the police themselves."

## Architecture

### Theatre in the hills

By Charles McKean

The Pitlochry Festival Theatre, which the Prince of Wales formally opens tonight, is probably Scotland's loveliest.

Set on the south bank of the Tummel, it commands fine views over the river to the northern hills. It is a festival theatre, and the preferred approach—over the old, green suspension bridge from the town centre, just downstream from the salmon ladder—leads just the right spirit of fun and adventure.

The theatre's origins hark back to a tent first erected for a theatre festival in 1949 and, after a fire, subsequently encased in asbestos and metal. Part of the instruction to the architects, Law and Dunbar Napier, was that they should pay homage in some way to their ancestor tent.

The entire history of housing a cultural outpost in this glacial hollow in the year-Highlands is one of commitment, imagination and improvisation, not least in the matter of fund-raising. The theatre now built is the third to have been proposed over 15 years.

The theatre is set into a steep riverside slope with the stage at the upper end and the clear, intimate auditorium thus facing into the hill. That ingenious reversal of what one might have expected—that is, to have the rake of the auditorium going downhill with the

hill—allowed the architects to create a splendidly subtle height and fully glazed foyer looking out over the river.

The area contains a shop, bar, restaurant and picture gallery, and it is in that colourful and exciting space that the tent membership are to be discerned: two seeming tent-poles apparently propping up a billowing aluminium roof. (In fact, they are two steel posts propping up the ventilation plant.)

The glory of the foyer is the brightness and view through its great windows: as the twin, seemingly floating staircases which rise to the upper level picture gallery.

From the exterior, the building provides a green, pitched roof pavilion perched over a blue brick plinth, overhanging a green sward. One cannot help wondering why the opportunity was not taken to cantilever out over the river instead.

There is also a somewhat unnecessary reminder of mortality in the main entrance is shared by a ramp leading to the bowls of the operation. But then, formal entrances to buildings have been unfashionable for decades.

The theatre is a triumph. Some penalties of success, such as strains on parking and the restaurant, are already being experienced. Toxich and Brinton are far away.

## Dockyard tug-of-war

By Henry Stanhope, Defence Correspondent

The Royal Navy and civilian management played tug-of-war over control of the royal dockyards, Sir John Mallabar, the industrialist, told MPs yesterday.

Sir John chaired the committee which recommended 11 years ago that a trading fund should be established for the four dockyards, enabling the Government to measure their efficiency in terms of profit and loss.

A similar scheme has been successfully adopted for the Royal Ordnance Factories. But the dockyards were very reluctant to accept the idea.

Sir John, aged 80, was giving evidence to the Commons Select Committee on Defence

who are inquiring into the royal dockyards. The study was begun before last week's announcement that one at Chatham, is to close and another at Portsmouth is to be severely slimmed down.

Sir John, a former chairman of Harland and Wolff shipyard, said local port admirals kept intervening in dockyard matters, like industrial disputes, which should have been left to the chief executive.

But all four dockyards in 1970 were clearly under-employed and their productivity had gone down disastrously. By setting up a trading fund the Government could have discovered which one of the four should have been closed.

## Design doubt in crash plane

By Arthur Reed, Air Correspondent

A Department of Trade report to be published today is expected to conclude that the pilots of an aircraft which crashed with the loss of 17 lives attempted to take off with its wing elevators locked.

The Dan-Air 743 airliner, which was carrying oil construction workers, crashed at Sumburgh Airport, Shetland, in July 1979.

Locks are fitted to prevent the elevators the movable portions of the wings which direct the aircraft's nose upwards on take-off, being blown about and damaged while the machine is on the ground.

The report is expected to re-

commend that the aircraft manufacturers, British Aerospace, should consider redesigning the gust-lock equipment so that pilots are given a positive indication whether the locks are engaged or disengaged.

It is thought that the pilots disengaged the lock, but that it became re-engaged without their knowledge as they were preparing to take off. When the control column was pulled back, the aircraft continued on the runway and overran into the sea.

The report is also expected to criticize the fact that there was a kerb on the perimeter road.

## INVENTION AIDS BLIND DIABETICS

An invention which allows blind diabetics for the first time to measure the glucose levels in their urine has come on to the market.

Sufferers from diabetes, one of the commonest causes of adult blindness, have regularly to measure their urine/sugar levels. The Hypo-test, a British invention developed by Hypoguard Ltd. of Woodbridge, Suffolk, reads the glucose level in a urine sample and gives the results by sound; a buzzer code indicates values from 0 to 2 per cent.

It is available through the National Health Service. If a hospital agrees that it is necessary, it costs £82 direct from Hypoguard.

## Research group rebuked

By Pearce Wright, Science Editor

The Science and Engineering Research Council has been rebuked by the Commons Public Accounts Committee for contravening the Government accounting rules on expenditure.

The criticism is contained in a report published yesterday covering control of spending for the financial year ending in March 1980.

In February and March of last year the council postponed payments, which were due and fully matured, of £4.1m to avoid excess spending on the grant for 1979-80 made by the Department of Education and Science.

Professor Sir Geoffrey Allen,

FRS, chairman of the council, explained in evidence to the committee that the incident arose from a decision at the beginning of the financial year to avoid any risk of underspending available funds.

The council pays for contributions to international scientific organisations and for the bulk of postgraduate research in the natural sciences.

Sir Geoffrey said the council made a deliberate decision to over-allocate £7m on the basis of experience in previous years' expenditure. In the event claims for payments matured more quickly than had been forecast.

## DAILY STAR READER PROFILE



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ANTHONY FRODSHAM

Director-General Engineers' Federation



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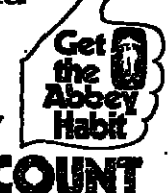
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# MPs call for cash limit on all university income

By Frances Gibb

The Government should consider imposing a cash limit on all university income, not just on their grants as at present but also on the money they derive from tuition fees, the Public Accounts Committee says in its tenth report published today.

The committee says: "It does appear anomalous that the universities' income from direct grants should be cash-limited while the fee income which comes through student awards is not."

Universities, which have just been told that their grants will be cut on average over the next four years by about 17 per cent, derive about 25 per cent of their income from tuition fees from home and EEC students.

Welcoming the Universities Grants Committee's decision to make the cuts in a "highly selective" way, the Public Accounts Committee says that it sympathizes with the feelings of the universities that the generation of potential undergraduates should not be disadvantaged because of the contraction in the system.

But, the MPs say, they also understand concern of the University Grants Committee that universities should not admit substantial numbers of students in excess of those for whom the grants were intended to provide.

"This would increase the total cost of university education through additional expenditure on student awards, and the UGC was apprehensive that the Government might impose compensating adjustments in subsequent years."

The committee therefore urges that in the course of the review the Government is conducting over the possibility of extending the system of cash limits, it will consider carefully "whether all expenditure on student awards, or at least that part which relates to fees, should be brought within realistic cash limits."

Mr Geoffrey Caston, secretary general of the Committee of Vice-Chancellors and Principals, said: "Any step which has the effect of reducing still further the income coming in to universities, must, of course, at present, be entirely undesirable."

But he added there was some indication from what the grants committee said in the evidence published in the committee's report that a kind of cash-lit system operated already. "The UGC implies that if student grants were to be extended by the universities, there would be a corresponding reduction in the amount of grant to that university."

The universities would be totally opposed to such a system, he said. The Public Accounts Committee also questions the continuity of security of tenure for lecturers. When considering the difficulties of universities, the UGC should bear in mind the desirability of introducing a greater measure of flexibility into the contractual arrangements for academic staff.

Tenth Report from the Committee on Public Accounts (Command 233, Stationery Office, £4.70).

## Whitelaw considering use of water cannon

By Christopher Warman  
Local Government Correspondent

Mr William Whitelaw, the Home Secretary, yesterday firmly rejected suggestions that a riot police system should be introduced to deal with the increasing violence on Britain's streets. But he did say that he was considering whether water cannon should be made available to deal with riots.

He told the annual conference of the Society of Local Authority Chief Executives that he would deeply regret it if the traditional community police services were replaced by a riot police force. "We would find that the British police, respected the world over, would never be the same again."

Mr Whitelaw also rejected the idea that the police should be divided into two forces: the traditional community police services — the Dixon of Dock Green, the bobby — on the one hand, and riot police on the other.

There would be big problems in marrying the two forces, he said. "All my feelings are that if you have two separate police forces or a police force within a police force the damage you do to both and to the community is very great indeed. It would very much hope we do not go down that road."

Mr Whitelaw dwelt only briefly on the violence of the last few nights but emphasized that in the light of that violence "it is essential that the police must be properly equipped and protected."

He returned to the subject after Mr Robert Calderwood, Chief Executive of Strathclyde Regional Council, pressed him for his views on whether the violence was the result of mindless, racist, irresponsible skinheads or a concerted attack on the police.

The Home Secretary replied that all was in part the cause, but he insisted that whatever the underlying causes "we must not allow ourselves to appear to be offering excuses for mindless violence."

"There is no excuse in a free society for such violence and there is no excuse in a free society for such a level of violence."

Mr Whitelaw promised better equipment, including fire-pistol bombs, and he also promised stronger legislation. He explained that he had seen in Liverpool a "reinforced" helmet which a piece of iron railing had pierced.

That was not satisfactory and he gave an assurance that improved headgear would be produced quickly.

Mr Whitelaw acknowledged that the use of CS gas in Liverpool was a big step which no one wanted to take, and it was only to be used in an emergency.

He said he was very reluctant to consider the use of rubber bullets. They were very dangerous and could kill. But he was considering whether water cannon should be made available to deal with riots.

Mr Whitelaw also expressed his opposition to the idea that local authorities should have greater control over police activities. "I do not think the public would welcome a position where for example, politicians could give the police directions about where to deploy officers or which cases should be prosecuted."

He was asked about responsibility in London where the London boroughs pick up the bill but where the police are under the control of the Home Secretary.

Mr Whitelaw replied: "I do not believe that the policing of the capital city, with its implications for the protection of the Royal Family, the seat of government and the problems that very large numbers of people can be undertaken by anyone other than the Government." He added that he was answerable to all the 92 London MPs.

## Morning after the riots



Wreckage from a burnt-out shop strews the pavement in Princess Road, Moss Side, Manchester yesterday.

## Teenagers threaten new trouble

By Stewart Tendler, Crime Reporter

As glaziers began to patch shops in the High Road, Wood Green, yesterday a group of teenagers sat on the railings opposite and scanned the morning papers for details of the riot the night before.

An excited 13-year-old was told to quieten down when the news came on the big screen. "I don't want to see that," he said, "I want to see the other side of the coin."

Around them shopkeepers were counting the damage of a four-hour rampage which left 59 shops damaged or looted, eight policemen and four civilians injured, and 43 people arrested.

It began when 400 black youths gathered under the Turkish Lane underground station in what Scotland Yard believes was a partly premeditated copy of Toxteth.

The group on the railings, black, white, Greek and Turkish, did not agree. "This stuff about blacks is wrong," one 17-year-old said. "There were 100 whites today as well. We all got on together in this area."

Most were either still at school or had jobs. The riot started because of "police provocation". As they saw it the police were simply hostile to anyone young. "They pick on everyone, skinheads as well."

A young Greek-Cypriot said: "The other night we were in the park and they told us to go home and it was seven in the evening. We can stay out all night if we want to."

The junction in front of the Underground station is a meeting place for various groups in the evening. On Monday the teenagers say there was an incident involving a black woman who was being attacked by the police. "We had a little run but that was all."

On Tuesday evening they gathered again and the trouble spread. They were moved off the streets, slipped down side streets and joined up again.

"Now people will take notice of us." For what reason? "Because the police kept pushing us around. We'll do it again."

The threat was made with a certain joyous expectation. Windows had got broken in the melee and as for the looting, the Greek-Cypriot, who is working in a shop, said: "This is a good thing. I was looking in a jewellers up there and you should see what they want for a little chain. I can't even afford food. It's that Mr Thatcher."

No one would admit taking part in the looting; but the material seems to have vanished and the looters returned for more.

## Police keep the peace in Toxteth

From Ronald Kershaw  
Liverpool

The positive policing policy of Mr Kenneth Oxford, Chief Constable of Merseyside, appears to be paying off. Violence seems to have gone out of the Toxteth district of Liverpool though there were 26 arrests on Tuesday night for breaches of public order, criminal damage, obstructing the police and carrying offensive weapons.

Eight of those arrested were juveniles, the youngest was a boy of 11. Mr Oxford had asked parents to keep children off the streets at night.

There are still 2,000 police on standby in the Toxteth area. During the day they maintain a low profile and at night are seen in pairs every 30 yards or so in the streets. On Tuesday they followed orders to disperse groups of a dozen or more.

At one point about 150 youths congregated but were quickly split up. There are still about 20 policemen in hospital from the weekend riots, but most are expected to be home by the weekend. Figures from the Royal Teaching Hospital at Liverpool show that of 243 people treated on Sunday night and Monday morning only three were civilians, the rest police.

There were no incidents of stoning or looting on Tuesday night at Toxteth but in the Liverpool district of Kirby two petrol bombs were thrown at a police car outside the Peacock public house. They missed and no one was injured, no damage and no arrests.

Meanwhile Toxteth was trying to get back to normal. Victims of the riots, tradespeople whose shops were burned and others who were made homeless were invited to the Labour Party headquarters in Admiral Street, Toxteth, where advice on what action should be taken to recover losses was available.

A teenager was remanded in custody until Friday by a court at Hull yesterday after skinheads wrecked a police car in the city (our correspondent writes). The vehicle had been left in a street by a policeman who was making a routine call at a house.

## School absentees inquiry

By a Staff Reporter, Liverpool

Councillor Storey, who is a headmaster working outside the city, education area, said today's meeting would go into all aspects of the effects of the riots on children and their education.

He said last night: "Getting away from the issue of unemployment, the involvement of children in riots is a complex one. The signs have been there for a number of years. Parental responsibility has gone out of the window. Not knowing where eight, nine and 10-year-olds are is disgraceful. The position is quite clear. Parents are responsible for their children."

The schools have been fighting an uphill battle in trying to combat the effects of the environment. There has been a massive increase in political activity involving young people. Over the years, leaflets from the British Movement, National Front, the Socialist Workers' Party and so on have been distributed to children and they have clearly inflamed the situation."

Councillor Storey said that at one of the authority's large secondary schools a demonstration was organized and children simply walked out of school to attend. The children, Councillor Storey said, were urged to rebel against their teachers.

During the weekend riots school teachers had reported seeing not just children from their own schools in Liverpool among the rioters, but those from schools out side the city. The high absentee rate was of great concern, and school attendance officers may be sent round the homes of absentees to ask parents if they knew their children were not attending school.

## Schools remote from future life, CBI says

By a Staff Reporter

Mathematics and modern languages are taught in schools in production of the future, but their possible use in future life, Mr James Debo, the Confederation of British Industry member on the Schools Council, told a select committee of MPs yesterday.

After seven or eight years of modern languages, teaching pupils presented themselves for interviews, and were able to answer abstract questions on literature, but when asked a simple question in the language they had learnt, they were "left standing."

That was a source of great worry to the CBI, he said. "It seems a nonsense at the end of a long training that they are unable to use what they are taught as a tool."

In mathematics and physics, pupils all knew the "beam" theory and could draw the relevant diagrams, but without realizing its application to bridges, Mr Debo said.

He praised as "wonderful" the Schools Council document, *The Practical Curriculum*, published in April this year, which emphasizes the broad approach in the teaching of subjects.

The CBI believed it was not the place of the school to teach vocational skills. It wanted the schools to teach a broad curriculum, exposing the child to those types of experience

which would be needed after leaving school.

Mr Debo, a former Price, Waterhouse & PricewaterhouseCoopers, is chairman of the committee which is looking at the secondary school curriculum and examinations. He said that some of the evidence received by the committee seemed to suggest there was a downward spiral in mathematics standards in the schools and that in 10 years, they would be worse than they are now.

Mr John Tomlinson, chairman of the Schools Council, said that all the evidence at 11 years was to the contrary and the evidence at 14 would not suggest a spiral downwards. The demand for scientific and mathematical competence was growing but there was no evidence that the schools were producing less numerate pupils.

There was similar evidence, Mr Price said, that modern languages were peculiarly badly taught in English schools and that standards of competence at speaking them had not improved since the Schools Council was set up in 1964.

Mr John Mann, secretary of the Schools Council, said there was evidence that a smaller minority of pupils were taking increasing percentage concentrating on French, which "might not be in the national interest."

## Education for jobless

By a Staff Reporter

An inquiry into the educational needs of the unemployed was announced yesterday by Mr Mark Carlisle, Secretary of State for Education.

He has asked the Advisory Council for Adult and Continuing Education, whose chairman is Dr Richard Hoggart, to undertake the inquiry and to report back by July 1982.

In a written parliamentary answer Mr Carlisle said that the Government fully recognized the wide range of needs which adults without employment might have for education

to enhance their opportunities for training or work, or to overcome periods without work.

The Manpower Services Commission had responsibility for specific vocational training, but he and the Secretary of State for Wales were concerned that the more general educational needs of the adult unemployed should also be met.

He had asked the council to concentrate on the needs of the older unemployed, as the 16-19 age group was already being considered elsewhere.

## Scarman: the chill of irony

By Tony Samstag

The assembly hall at Lambeth Town Hall, that incongruous Palladian-Gothic pile, the junction of Brixton Hill and Acre Lane in the heart of Brixton, has remained mercifully cool under the onslaught of the first hot spell of the summer.

It is here that Lord Scarman today enters the nineteenth day of the inquiry into the Brixton riot with the intention, confirmed in his opening statement yesterday, of ending the first and public phase of this week or early next.

Lord Scarman is as aware as his audience that the chill of irony has made its contribution to the atmosphere in the assembly hall. The events he has sought to examine have been overtaken with bewildering rapidity: Southall, Toxteth, Moss Side, Wood Green.

The chairman acknowledged, as much yesterday when he announced that phase two of the inquiry would proceed "in the light of recent tragic events elsewhere."

He said that phase would deal with the riots in a national context, with particular reference to Liverpool. Reiterating his decision not to release an interim report after the conclusion of phase one, he added: "It would be wrong to deal with phase one in isolation with the symptoms of disorder, without having conducted phase two so I can understand the causes of the disease."

The symptoms bear an uncomfortable resemblance to what the Americans, during the turbulent years of racial black consciousness in the sixties,

## METHODIST BLAMES NEGLECT

From Our Correspondent  
Norwich

The cause of the riots in Toxteth was neglect in the Methodists' annual conference in Norwich was told yesterday.

The Rev Norwyn Denny, president designate of the conference, said: "Only when people do things such as in riots do anyone take any notice."

"Of course we deplore violence but it has been applied by all of us in the deprivation, neglect, lack of services and people. Successive governments, especially this one, have forgotten humanity in doctrinaire solutions."

"The economic cost of unemployment and social deprivation is far greater than money saved in other ways."

The conference accepted unanimously seven motions, one of them calling on the Government to take steps to alleviate the underlying difficulties of deprived urban communities and to make available greater resources to improve the conditions of housing and unemployment in these areas.

Commenting the riots in Brixton, The Rev John Banks, superintendent of the Manchester and Salford Mission, said: "The police were not entirely without blame. Some police think a bang on the head changes a man's mind; a thump on the head will not change his mind about the conditions in which he lives and the fact that he has no job."

## Moss Side rampage

From Craig Seton, Manchester

Police and community relations leaders in Manchester insisted yesterday that the violent outbreak of fire bombing, looting and stoning by 100 police officers in the Moss Side area had not been a race riot.

Mr James Anderton, Chief Constable of Greater Manchester, whose men brought the violence to an end in about an hour, said the youths' rampage early yesterday was being treated by the police "very much as a serious crime of arson and looting."

"It was not a race riot and nor was it a public order problem which required the police to use riot tactics or equipment," he said.

The Greater Manchester police, which sent men to Liverpool to help quell the Toxteth riots, drafted in 400 police officers to the Princess Street area of Moss Side when the youths attacked a row of shops with fire bombs, reducing two to rubble, damaging two more and looting 10 shops altogether, including units in a shopping and leisure centre nearby.

Police and firemen were pelted with stones and three police vehicles and two fire engines were damaged. A policeman was slightly hurt. Seven youths, aged between 16 and 18, were arrested and police said they expected to make more arrests.

The police are also studying a video film taken by the security cameras in the local shopping centre which it is believed picked out some of the

## Science report Flight advances Sun power hopes

By Pearce Wright  
Science Editor

Solar Challenger, the aircraft that crossed the English Channel powered only by the Sun, may be little more than a fascinating technological curiosity in aircraft design. But it achieved one of the ambitions of its inventor, Dr Paul MacCready, of focusing attention on the vast range of potential applications of photovoltaic solar cells for direct conversion of sunshine into electricity.

Yet there are two particularly important technical improvements to be made if solar cells are to offer Dr MacCready's belief in their promise as a future contributor to economic, renewable and non-polluting sources of energy.

A big advance is needed in manufacturing technology to cut costs, and exploitation would be helped greatly if the efficiency of the materials for converting solar energy to electrical power could be improved.

Great strides have been made since Dr MacCready began building his unit. He was also lucky in the generosity of the United States National Aeronautics and Space Administration, which has given him 6,000 solar cells, each worth about 25¢ at the time.

As that energy system provides one kilowatt of electricity, or enough for a one-bar electric fire, the issue of costs is obvious. However, photovoltaic cells constructed from new materials, especially amorphous silicon, are now more than 10 times cheaper.

There is still a long way to go to reach a target set by the American Energy Research and Development Agency for making solar cells competitive with other sources of energy supply by 1985.

The target is to fabricate the basic device with materials costing 25¢ to 30¢ a watt, and the price of a complete assembly to a consumer should be about 60¢ to 75¢.

The reason for the target is because commercial solar energy equipment is expected to be produced in two stages: a handful of high technology concerns will produce the cells, and many "systems" companies will assemble them into packages for household, factory or office application.

Panel of solar cells have been expensive until recently because the photovoltaic materials are made by the silicon technology used for electronic microcircuits.

Scientists in the United States and Japan can now show that pure silicon crystals are not essential. One process even sacrifices some efficiency in the conversion of sunlight to electricity in return for a cheap material easily handled in the factory.

Technical competence is in progress between research laboratories of companies like Siemens, in Germany, and Union Carbide, in the United States, devising cheaper routes to the ingots of pure silicon for making single crystal cells; and scientists at firms like RCA and Enevac Conversion Devices, which are among the groups testing amorphous materials.

Layers of these substances a few thousandths of a millimetre thick are involved; whereas with the single crystal method a wafer several hundred times thicker has to be sawn from the pure silicon ingot, and each piece processed.

But the thin film of amorphous material lends itself to production akin to the printing on rolls of resists. The fish-like shape is a first step for making reels of solar cells this way.

## Herring ban to be lifted

The ban on herring fishing in the North Sea and off the west coast of Scotland imposed three years ago should be lifted later this year, Dr William Lyon Deane, the chairman of the Herring Industry Board, forecast yesterday.

But he said that there was a lot of work to be done before herring and kippers became part of the British staple diet again.

In view of the huge food value of the fish, he had no doubt that the markets could be recovered.

Dr Deane's forecast came as the board's annual report was published, showing that total British landings of herring, excluding the Isle of Man, during 1980 were 5,200 tonnes.

This was only 2 per cent of the 1973 total of 157,000 tonnes. In a statement issued with the report Dr Deane said: "It makes sad reading when we know that without the modern technological aids and with little mechanisation, the United Kingdom caught and landed 577,000 tonnes in one year, 1913."

The only permitted herring fishing during 1980 was in the Clyde estuary where the total catch was limited to 2,000 tonnes, an allowance which is being continued in 1981.

In Isle of Man waters, the 1980 target was not quite reached despite an extension of the fishing season. The limit of catch for 1981 is to be reduced by 40 per cent to 6,000 tonnes. Dr Deane said the fall in available stocks was not caused by trawlers with purse seine nets, but probably poor breeding

## DAILY STAR READER PROFILE



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## Plea for greater use of the local ombudsman

By Christopher Warnpa, Local Government Correspondent

More use should be made of the local ombudsman to investigate sensitive matters concerning local authorities, Lady Serota, chairman of the Commission for Local Administration in England, argues in the commission's annual report, published yesterday.

Commenting on three cases involving the death of a child, a young woman and an elderly man where the complainant felt that a council failure contributed to the death, Lady Serota says that investigation of such complaints is obviously sensitive and difficult.

When there was an allegation that a death had been caused by the action or inaction of a public body there was often an outcry for a full inquiry, even when a coroner's inquest had been held.

Suggesting that the flexible investigative procedures of the local ombudsman have certain advantages, Lady Serota says: "Internal investigations and inquiries held in private by the authority itself may not command the confidence of the public and a formal public inquiry, besides costing many thousands of pounds, can have a serious and adverse effect on the morale of the service concerned, may breach the principles of confidentiality and can be very frightening for ordinary people involved."

She recognises that there are reservations about the local ombudsman's procedures and

that "English lawyers trained in adversarial as opposed to inquisitorial methods tend to feel that the lack of cross-examination may fail to establish the truth."

The local ombudsman, however, could decide on the best procedures, and she did not rule out a more formal hearing in private.

The report shows an increase of 12 per cent in the number of complaints against local and water authorities (from 2,181 in 1979-80 to 2,434 in 1980-81), although the commission points out that the number is small in relation to the number of council decisions.

Most complaints concerned planning (36 per cent) and housing (30 per cent), and during the year 315 investigations were carried out by the three ombudsmen. Maladministration was found in 58 per cent, although it was found in only 9 per cent of the total number of complaints considered.

Errors ranged from simple failure to do things, or delays in doing them, to the mishandling of sensitive social services cases.

Lady Serota criticizes some councils that reject the local ombudsman's findings. "Cases of this kind reflect badly on the authorities concerned and on local government as a whole, sadly at a time when it is under severe strain."

Your Local Ombudsman (Commission for Local Administration in England, 21, Queen Anne's Gate, London SW1H 9BU).

## Goods and services complaints are down

By Robin Young  
Consumer Affairs  
Correspondent

Fewer consumer complaints about faulty goods and deficient services were recorded last year, but because of government and local authority spending cuts it is impossible to tell whether that was because standards had improved, the annual report of the director general of Fair Trading, says.

It shows that in the year ended September 30 1980, the Office of Fair Trading recorded 531,470 complaints reported by local authority departments and advice agencies.

In the previous year 635,480 complaints were logged, but Mr Gordon Barrie, the director reported complaints dropped last year in areas where advice services were curtailed.

There were also fewer convictions under consumer laws last year, but that could be because the activities of local authority trading standard departments were restricted by spending economies.

The greatest number of complaints concerned:

Goods: Motor vehicles, 65,009; household appliances, 51,153; furniture and floor coverings, 55,794; clothing, textiles, 54,633; food and drink, 39,672. Services: Home repairs/improvements, 15,315; public utilities and transport, 13,006; motor vehicles (repair and servicing), 12,752; entertainment/accommodation, 12,715; professional services, 10,650. Annual Report of the Director General of Fair Trading 1980 (Stationery Office, £5.70).

## Praise for NHS Cured US doctor chooses Britain

By Annabel Ferriman, Health Services Correspondent

A rare bouquet for Britain's beleaguered National Health Service has come from an American doctor who intends to settle in Britain because of the superior health treatment he has received here compared with the United States.

Dr Robert Farr, aged 61, suffered a serious stroke in 1977 and found no relief from his subsequent severely raised blood pressure until he came to Britain in February this year.

The drugs he needed to reduce his blood pressure so that he could undergo vital surgery to cure his underlying complaint were not available in the United States as they had not been approved by the Food and Drug Administration.

His doctors in the United States, after three years' delay, visits to eight hospitals and 67,000 drug doses, diagnosed his condition as pheochromocytoma, a rare complaint in which a tumour develops on the

adrenal gland. The tumour had to be removed but no surgeon was willing to perform the operation because of Dr Farr's high blood pressure.

Consequently Dr Farr was invited to the John Radcliffe Hospital, Oxford, where he was treated with two drugs approved for use in Britain: atenolol and nifedipine.

He was then able to undergo surgery at University College Hospital, London. After a tumour was removed from his adrenal gland in May, his blood pressure returned to normal and he has not required further medication.

Dr Farr is delighted with his treatment, for which he was charged £7,000 compared with the £87,000 it cost in the United States.

He intends to give up his home in Old Greenwich, Connecticut, settle in Britain and hopes to take out dual nationality. He stopped practising medicine when he became

ill and makes his living by writing and lecturing. He has recorded his experiences in a book *The Disposable Man*, to be published by Rinehart in the United States next spring.

Dr Farr, whose wife committed suicide last year after her husband's prognosis was extremely poor, said that too many doctors in the United States served too masters: the patient and their own financial gain.

Most important for his case was the availability of drugs in Britain, which cannot be obtained in the United States. About 600 such drugs are available in West Europe and about 10,000 Americans travel each year to obtain them, he said.

Dr Farr completes his treatment on Monday when he undergoes an eye operation at Oxford Eye Hospital to correct the multiple cataracts which developed in an eye as a result of the drugs he was given in the United States.

## Delay in library action over debts

By Our Arts Reporter

A three-year delay between the detection of shortcomings in the British Library's accounts and the taking of effective remedial action is deprecated today by the Public Accounts Committee.

The library's internal auditor examined the library's photographic services in 1977, the committee's tenth report says. He found failures in the regular pursuit and collection of sums outstanding for work ordered and sent by post.

Mainly because of impending computerization, no corrective action was taken until a further review last year disclosed that satisfactory evidence of payment could not be found for £119,000 of manually prepared invoices. A further £48,000 of computer-prepared invoices had been outstanding for more than six months.

The committee notes revised arrangements introduced to ensure that internal audit reports are considered "speedily and at an appropriate level".

In another report, examining the inventory control, stock-taking and security of the collections at the British Museum, the Science Museum and the Victoria and Albert Museum, the committee comments that although the existence of a complete inventory does not of itself safeguard a collection, it was a prerequisite for doing so.

## BBC plans to put all services on VHF

By Kenneth Gosling

Continental interference on the medium and long waves will increase radically over the next 10 years, Mr Aubrey Singer, managing director of BBC Radio, said yesterday. He was announcing plans to have all BBC services fully audible on VHF by the end of the decade.

But he pointed out that it would be necessary to move the emergency services so as to extend the VHF band, a recommendation contained in two reports on broadcasting.

"Like many of these things," Mr Singer added, "this has been brushed under the carpet." In a warning to the Home Office, he said, "if we do not have a declared policy by the next wavelength conference we will lose the battle and radio will be in a mess for the twenty-first century."

Mr Singer made clear that the VHF programme, with expenditure on the transmitter programme up to 1987 totalling £30m, takes priority over the other options set out by the radio network working party.

A statement by the BBC's board of governors issued simultaneously in London set out two other main lines of development.

They were among proposals contained in the working party's report; notably option four, which included a national public affairs network and a local home service. The board is against restructuring of network radio for the 1990s.

What the board backs, apart from the re-engineering of VHF transmitters to improve portable and car radio reception and to fill gaps in coverage, is the setting up of three new

English local radio stations a year, giving 33, against the present 22, by the mid-80s.

Secondly, although the BBC rejects the spending of large sums to reducing the relaying of network output by local and national regional radio, it says there should be limited experiments in providing distinctive "sustaining" programmes for the local services.

Mr Singer said they were awaiting the Home Secretary's approval for those small local "outpost" such as existed on Stornoway where they had an hour's broadcasting a day in Gaelic.

If the BBC succeeds in persuading the Home Office to move what it regards as the police, fire and ambulance trespassers off the VHF band, the age of push-button radio and an end to knob-twiddling comes closer.

The broadcasting band would extend to 108 megahertz and carry seven services: Radios 1, 2, 3 and 4; BBC local radio and the national regions; independent local radio; and network 5.

The latter is an extra national network not yet allocated but which Mr Singer said could be used to broadcast the educational service or for a separate national programme which could be a commercial channel. But it was crucial to the BBC's plans, he said, to have the VHF capacity. "It would be futile and wrong for any of these options until we know we can achieve them practically."

The next international wavelength conference is in two parts; next year and in 1984.

## Youth aid groups attack public service scheme

By Ian Bradley

The idea of a national community service scheme for young people was attacked yesterday as intolerable nonsense by the organizer of a group concerned with youth unemployment.

Miss Clare Short, of Youthaid, said that arguments recently put forward for such a scheme were "dangerous, damaging and insidious. They are simply designed to remove young people from the streets and offer nothing positive."

In particular, she criticized proposals by Youth Call, an organization chaired by the Rev Nicolas Stacey, director of social services in Kent, which is seeking to promote a debate on the desirability and feasibility of introducing such a scheme.

Miss Short was speaking at a conference in London called by Youth Choice, an alliance of 10 voluntary bodies concerned with young people, led by the National Council for Voluntary Organizations, which has been formed to oppose compulsory community service.

Those involved in the alliance feel that the growing call for such a scheme, which was first made in an article in *The Times* on April 8 by Sir Hugh Fraser, Conservative MP for Stafford and Stone, diverts attention from the need for an expansion of educational and training opportunities for young people.

Another speaker at the conference, Mr David Carter of the Transport and General Workers' Union, described those calling for a national com-

munity service scheme as "a bunch of cranks and aging militarists".

The idea is likely to meet with a similarly stormy reception in the House of Commons tomorrow when Mr Michael Meacher, Labour MP for Oldham, West, and a member of the Youth Call working party, will propose in an adjournment debate that the Government examines the practicalities of implementing a voluntary national scheme of community service.

Because it is an adjournment debate, only Mr Meacher and the minister from the Department of Employment who will answer him will officially be allowed to speak. However, it is expected that a group of left-wing Labour MPs may try to intervene. They have tabled a hostile amendment to an early day motion tabled by Mr Meacher and signed by 61 Labour MPs, in support of a voluntary community service scheme.

The left-wingers' amendment "rejects completely that the answer to youth unemployment is a system of underpaid community service forced upon young people because there is no alternative."

In another move to increase parliamentary support for a national community service scheme, Mr John Watson, Conservative MP for Skipton, is today meeting other Conservative MPs who are on the councils of youth organizations which have joined the Youth Choice alliance.

## Lending right head chosen

By Our Arts Reporter

Mr John Sumson, a former shoe company director, has been appointed to set up and administer the £2m a year public lending right scheme.

Mr Sumson, aged 52, is to be the lending right registrar for five years from next September.

Payments under the scheme are due to begin during the financial year 1982/83 and will be based on borrowings from public libraries. Mr Sumson

will have an office at Stockton-on-Tees, Cleveland.

He will set up a register of authors and their works, develop a computer programme for it, then start a "call up" of authors whose books are registered in libraries.

Once they apply for payments, he will be able to start the calculations that will enable them to begin. The money will come from central funds and will be distinct from the libraries' rate support grant.

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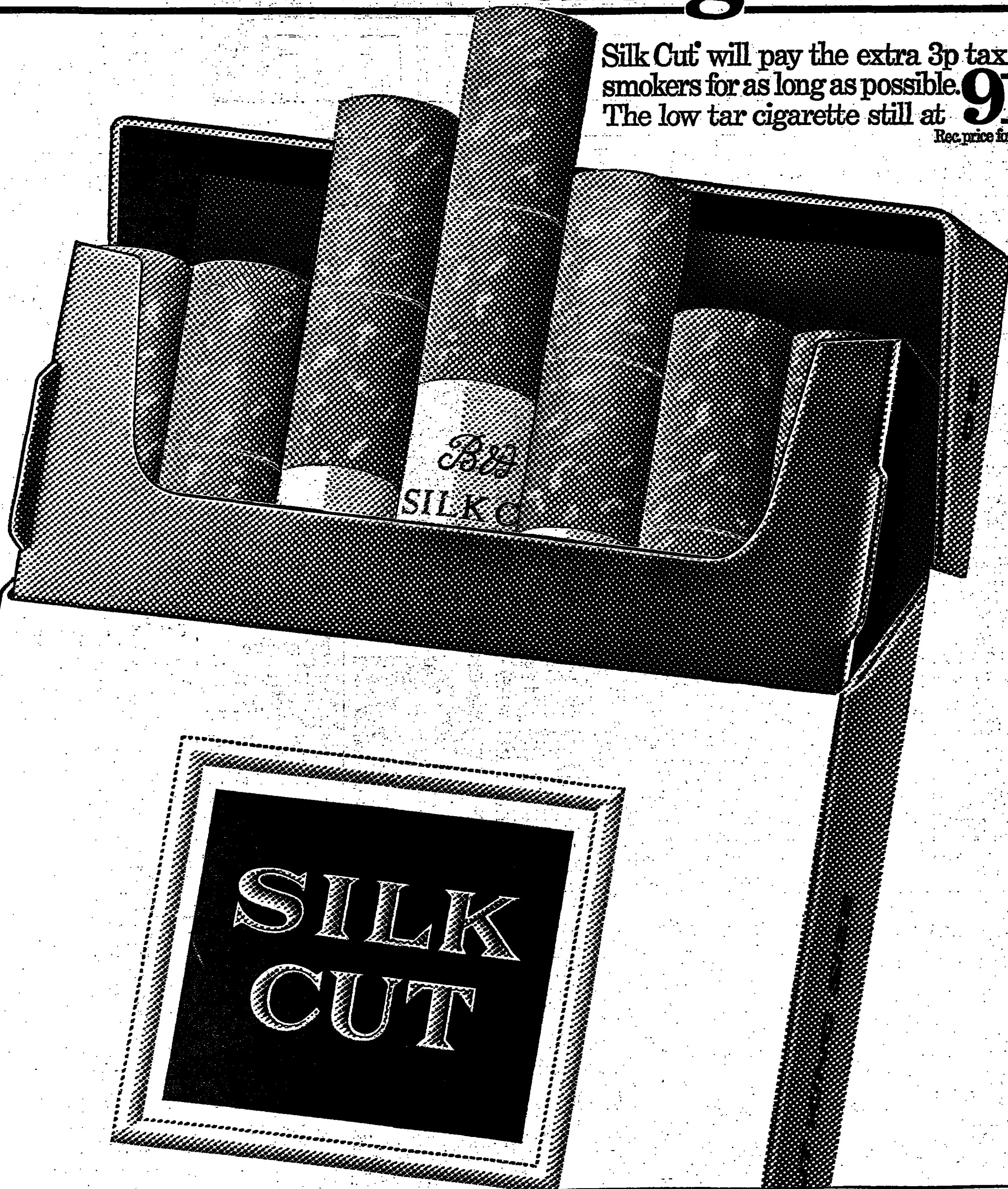


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## Carrington puts three-point plan for EEC renewal

From Our Own Correspondent, Strasbourg, July 8

Lord Carrington, the Foreign Secretary, today proposed three themes for the development of the Community when he addressed the European Parliament at the start of Britain's six months' EEC presidency: renewal, enlargement and the search for collective identity.

The Foreign Secretary said the EEC was once more at the crossroads. "Decisions vital to its future development are due to be taken. If we are to succeed we must retain a vision of where Europe is going and of the Europe we want if we are not to become obsessed by our current problems."

Lord Carrington said he had chosen the word "renewal" because there was a question of overthrowing or discrediting the achievements of the Community. The requirement was to "modify, adapt and strengthen existing policies and where necessary to elaborate new ones."

The EEC's renewal had to be based on the reform of the budget and expenditure. It could "not be right that about half the Community's budget should be spent simply on the storage and disposal of surplus food". "This is a wasteful and wasteful anomaly that must be corrected," he said.

The Foreign Secretary said more EEC resources needed to be channelled into "policies dealing with the problems of the 80s: regional development, energy and perhaps new policies for industrial regeneration and urban renovation."

He quickly dispelled any notion that the British Government might be wavering in its opposition to an early relaxation of the 1 per cent limit on member states' value-added tax transfers to Brussels, which form the main source of revenue for new policies.

It was politically unrealistic, Lord Carrington said, to ask resources to be increased "until it is clear that the budget has been restructured in such a way as to ensure that the excessive rate of growth of agricultural expenditure has been curbed, and that member states will not be called upon to make unreasonable or unacceptable contributions to it".

In a reference to the large net contributions to the budget of Britain and West Germany, the Foreign Secretary said: "If a community based on consensus and the common good is to flourish and advance, then every member state has to be broadly satisfied that the Community's financial basis is sound and equitable."

Renewal also meant extending the benefits of free trade already enjoyed by manufacturing industry to service industries such as insurance, banking and air travel. The service sector was now almost as important a source of wealth and employment as manufacturing industry.

Lord Carrington said that enlargement of the EEC to include Spain and Portugal would, if tackled with imagination and goodwill, strengthen both the Community and the new democratic systems of the Iberian peninsula.

By "identity" Lord Carrington said he meant "the impact that Europe can and should have on the events of the world outside". Only if the EEC was conscious of its collective identity could it "play the active role in international affairs of which our citizens and those of the world outside believe us to be capable".

The development of common positions on the main international issues was one of the most effective ways the EEC could make its influence felt. Parliamentary report, page 12.

## Woman named prefect in radical French reform

From Ian Murray, Paris, July 8

For the first time a woman has been chosen to be prefect in France. The appointment of Mme. Yvette Chassagne to be the Government's representative in the department of Loir et Cher breaks the male domination of this post, which has existed since 1800.

Mme. Chassagne's appointment is just one of the 52 changes in the prefectures all round mainland France and the overseas departments announced after today's Cabinet meeting. It represents the most sweeping collection of changes in personnel in this post including that of April, 1977, when a big shake-up was last announced and 38 prefects were moved.

This change at the top of local administration foreshadows the Government's declared intention of giving the local authorities and regions real control over their destiny and of removing from the prefects their right to interfere in local decisions on behalf of the central administration.

Mme. Chassagne is herself something of a trailblazer in France, having in 1974 been the first woman to become permanent secretary in the civil service—and then the first to be named a councillor at the state audit office.

The Cabinet also approved a draft law aimed at doing away with the Court of State Security. This had been promised by President Mitterrand before his election, after strong and growing criticism of the "Star Chamber" fashion in which the court operated in dealing with cases of spying and supporting autonomist groups.

The court came into existence in 1953, essentially to deal with people involved with terror organizations born of the



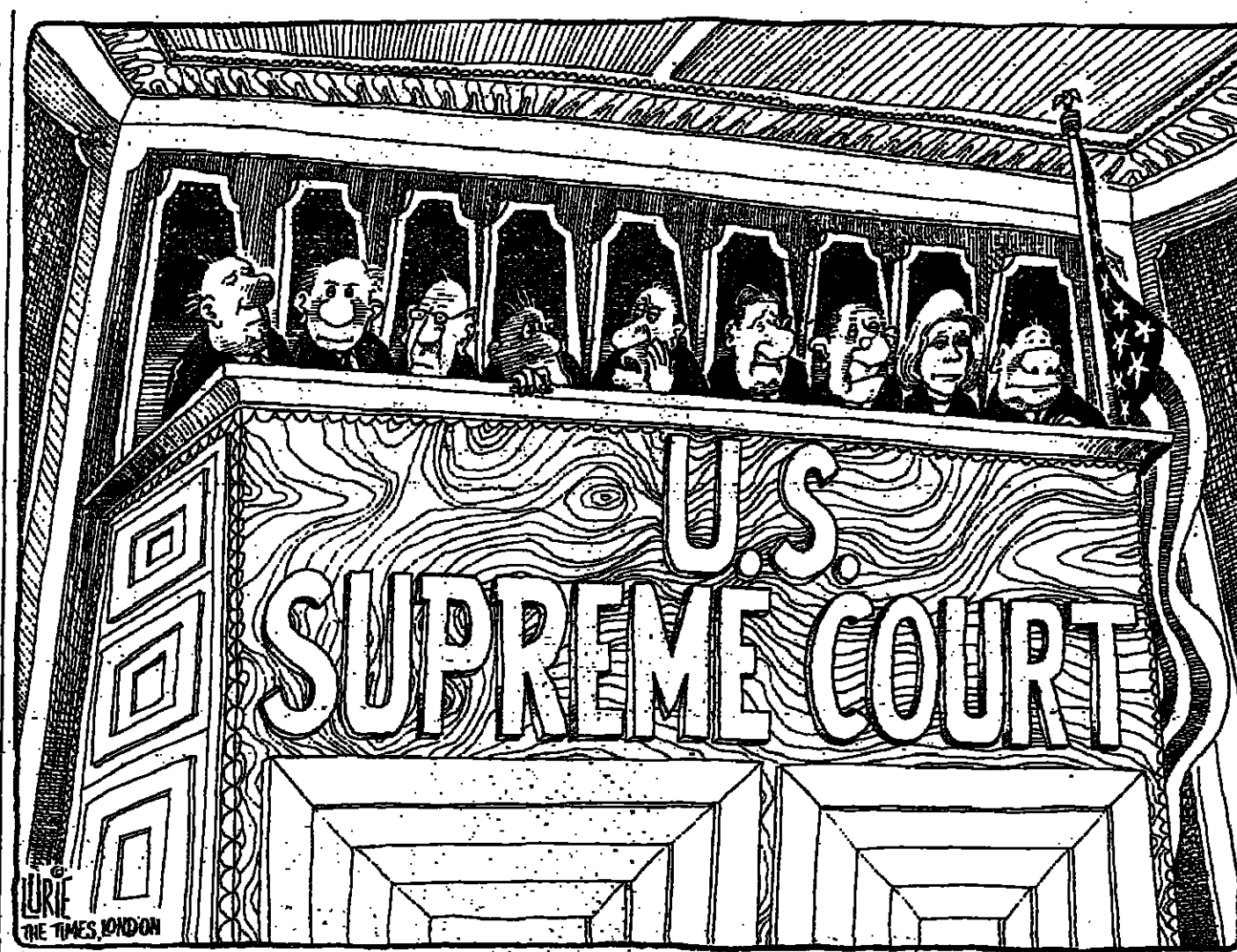
Mme Yvette Chassagne: career as trailblazer.

Algerian war. Lately it has been used for trying Corsican, Breton and Basque militants.

The Government has decided that cases of spying should be tried by the military courts, while acts of terrorism should come before the ordinary courts and be tried under common law.

The other important legislation agreed by the Cabinet was the Amnesty law, which is traditionally passed after the election of a new President. This time the law is far more sweeping than in the past, and among those now likely to be freed are some imprisoned by the Court of State Security.

Other categories of offenders who would be amnestied include most prisoners sentenced to less than six months as well as those fined no more than 5,000 francs (€50). Those charged with breaking the state broadcasting monopoly will benefit from the law, as will the newspapers *Le Monde* and *Libération*, both of which were being prosecuted for alleged contempt of court.



"Watch your language!"

## Expulsion threat to Ian Smith

From Stephen Taylor Salisbury, July 8

A senior Zimbabwe Cabinet minister has warned Mr Ian Smith, the former Prime Minister, that he could be expelled or forced to leave the country if he continued to make alarmist statements.

Mr Enos Nkala, the Minister of Finance, was reported in the *Herald* newspaper here today as saying that Mr Smith was undermining the Government's policy of reconciliation and was spreading alarm and despondency among the white community.

The minister, who is an influential figure and was imprisoned for a total of 14 years for political activities, said that he wanted to be a hero in detention, but he was not a hero in South Africa where he was also arrested.

Mr Smith has been campaigning for candidates put forward by the Republican Front Party in two by-elections for white roll seats against the breakaway Democratic Party. The Republican Front won the first of the polls last month and is confident it will be victorious again next week.

In a series of election speeches, Mr Smith has been appealing on a basis of concern for the future—similar to that which saw his party increase its support at each election after 1962 until independence. Although the bogey of the UDI years, majority rule, has become what Mr Smith sees as the danger of one-party rule.

He has also claimed that inflation in Zimbabwe has risen to 20 per cent and that the economy is being mismanaged and it was on these points that Mr Nkala attacked him.

The minister said that inflation had been reduced from about 13 per cent at independence to less than 8 per cent and that government policies had resulted in substantial increases in employment and growth.

"I am fed up and if he does not shut up and start campaigning decently and democratically some of us in the Cabinet will start a campaign to have him detained or thrown out," Mr Nkala said.

Any such action would have dangerous repercussions and is extremely unlikely at present, he said, if only for the effect it would have on whites whose skills are vital to the country.

Another prominent white, Lieutenant-General Peter Wallis, the former Army commander, was told he would not be re-admitted to Zimbabwe last year after incurring government displeasure as a result of statements he made to the BBC.

## MIG PILOT FLEES TO S AFRICA

From Eric Marden Johannesburg, July 8

A black Mozambique Air Force pilot sought asylum in South Africa after flying his Soviet MIG 17 across the border and signalling to South African aircraft which intercepted him that he wanted to land. He was escorted to Hoedspruit air base, about 50 miles from the Mozambique border.

The pilot, named as Lieutenant Adriano Francisco Bomba, aged 23, was questioned by security officials. He told reporters later that he had flown over the border and landed voluntarily. I came to South Africa because I do not serve with the Frelimo policy. I cannot see any progress in Mozambique after six years. The way of life is getting worse and I am tired of this."

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## Britain's Afghanistan initiative not quite dead, EEC is told

From Michael Hornsby, Strasbourg, July 8

Lord Carrington, the Foreign Secretary, today called on the Soviet Union to reflect on its rejection of the EEC's proposal for an international conference on Afghanistan, and gave a warning that the Afghan problem is not going to go away and would continue to sour East-West relations.

Reporting to the European Parliament on his visit to Moscow earlier this week, Lord Carrington said: "It is obvious that a Soviet refusal to negotiate on Afghanistan makes it impossible to speak of normal relations and prejudices efforts to reach agreement with the Soviet Union on other matters."

In his address, and afterwards at a press conference, Lord Carrington strove valiantly to leave the impression that the EEC's Afghan initiative is not dead, and that the initial hostile reaction of Mr Andrei Gromyko, the Soviet Foreign Minister, should not be taken as Moscow's last word on the matter.

Lord Carrington claimed to have Mr Gromyko's agreement to discuss the Afghan proposal again when they meet at the United Nations General Assembly in New York in September. He hoped the Russians would then respond more constructively to what still

offered the best hope for a negotiated settlement.

The Foreign Secretary also said that quite a lot of details in the EEC's proposal were deliberately left unclear and that some amendments could be made to take account of the Soviet Union's views. But these must "not undermine the basic principles" of the proposal.

Asked to specify what parts of the proposal he considered non-negotiable, Lord Carrington was evasive, but did say: "We certainly could not accept the Moscow-backed Babrak Karmal regime as being the sole representative of the Afghan people."

The Foreign Secretary also made clear that he thought the EEC's proposal for dividing the conference into two stages, and for excluding Afghanistan from the first stage, was by far the best approach. But he was careful not to say that this was the only possible form the conference could take.

At great dramatic importance was attached by Lord Carrington and his officials here to Mr Gromyko's alleged assessment of the EEC's proposal as being "not realistic in its present form", implying that it might be acceptable after amendments

which have yet to be specified.

Other versions of Mr Gromyko's views are less hopeful, however. The Soviet minister is reported to have referred at one point to the Afghan initiative as "a silly little scheme", and privately Foreign Office officials admit that the Russians may simply not be in sufficient trouble in Afghanistan to find the EEC's approach attractive.

It is certainly hard to see a way around the central problem posed by the Soviet Union's insistence that the legitimacy of the Babrak Karmal regime must not be put in question by any negotiations leading to a withdrawal.

Lord Carrington said that Mr Gromyko had told him that the EEC's proposal was unrealistic "because the main problem was intervention by others in the affairs of Afghanistan, because it was not stated that the present Afghan regime should participate at the outset and because the proposed composition of the conference was unsatisfactory."

The Foreign Secretary said that he had replied that since they had not found these arguments convincing and has stressed that a complete withdrawal of Soviet troops was essential.

Leading article, page 16

## Princess ignores low-key Irish protest in Canada

From Michael Leapman, Toronto, July 8

Photographs of Irish-Canadian demonstrators appearing in Toronto newspapers today, sharing prominence with pictures of Princess Margaret and her daughter, Lady Sarah Armstrong-Jones, after the first full day of their Canadian visit.

More than 100 noisy but non-violent demonstrators stood outside the theatre where they were attending a gala performance of the Royal Ballet.

The royal guests had been warned by their staff to expect some hostility and they took little notice of the demonstrators as they strode towards the cheering friendly crowd in the lobby. The police, roughly one for every two demonstrators, easily maintained order.

Yet the Irish Prisoners of War Committee, which organized the demonstration, were well satisfied. The Irish were swelled by Trotskyist sympathizers but there were no reinforcements from the United States.

"It went very well", Mr Michael Quigley, secretary of the committee, said. "It gets the point across to millions of people not just in Canada but all across the world."

"For every one person who will come out and demonstrate there are 50 more who would not be caught dead at the demonstration but feel the same way. It is the only way the point can be got through to the rather thick-headed Government."

Mr Quigley said there were no further plans to demonstrate against Princess Margaret and Lady Sarah during their visit.



Princess Margaret smiles as she arrives at the O'Keefe Center in Toronto for a Royal Ballet performance.

A Requiem Mass will be held for the latest dead hunger striker but this will not be linked with the royal visitors.

They leave for home on Monday, their proposed trip to Washington having been cancelled for fear of demonstrations by Irish-American groups.

## Wedding fever in S Africa

From Ray Kennedy, Johannesburg, July 8

An anonymous letter writer in a Johannesburg newspaper recently asked "the South African Broadcasting Corporation should spend a tidy part of its income on a live television transmission of a foreign wedding."

The correspondent, who signed himself S.A. First, said he also objected to the screening of events such as the FA Cup Final at Wembley and other foreign, mostly British, occasions.

The letter appeared in the *Citizen*, which is republican in sentiment, and hardly pro-British, and for the past three weeks the correspondence has been dominated by the letters page. By far the majority of letters criticize S.A. First's attitude.

Enthusiasm for the royal wedding is, in fact, running at

a high pitch in South Africa and the live transmission of the event will be the longest ever broadcast here.

The broadcasting corporation has booked satellite time from 10.45 am local time to 3.30 pm, a total of 285 minutes of viewing. It will pay only satellite fees as the BBC will not be charging for its coverage.

This will bring the cost down to much lower than the 15,000 rands (£90,000) paid for the Manchester City versus Tottenham Hotspur Cup Final and replay in May.

Mercifully, too, the wedding transmission will be free of commercials, which are as banal in South Africa as anywhere, and which frequently interrupted the 204-minute coverage of the man's singles final at Wimbledon on Saturday.

## Polish ports halted by strike

Warsaw, July 8. — Polish dockers stopped work for an hour in the Baltic ports today and threatened to stage a general strike unless the Government met their demands for recognized rights and working conditions.

The protest by 46,000 workers in ports from Szczecin in the west to Gdansk in the east halted work on at least 50 ships. It was the country's first big strike for three months.

The dockers were protesting against what they said was the Government's failure to honour a pledge to grant a port workers' charter on conditions and rights by July 1.

A statement issued by the strike committee today set July 15 as a deadline for the Government to accept its demands for a charter. "Otherwise a general strike of all Polish seaports will take place," the statement said.

"Today's taken stoppage was held with the full support of Mr J. Walicki, the leader of Solidarity, the free trade union. Meanwhile, employees of LOT, the Polish state airline, announced tonight that a threatened four-hour strike would go ahead as planned tomorrow unless the Government changed its mind at the last minute."

Official Polish sources said that a new spiral of industrial unrest could have damaging repercussions at the emergency party congress scheduled to begin next Tuesday, possibly encouraging hardliners to question the viability of the policy of dialogue.

Spokesmen for the small Autonomous Trade Union Movement were quoted today as saying that tomorrow's threatened national airline strike could provoke Warsaw Pact military intervention. This movement is one of two non-solidarity union groups which emerged after last summer's labour revolt.

Their warning was countered by Solidarity's Warsaw news bulletin, which said: "The notion that a four-hour airline strike could provoke intervention is an insult to our allies and common sense."

LOT employees are threatening to strike in protest against the Government's refusal to recognize the general manager elected by a workers' council.

The Government says it cannot accept Mr Bronislaw Komarowski, because LOT formed part of the country's defence establishment and must be subject to central control.

Reporter.

## Arrigo Levi: A personal view

## A Likud man flexes his party muscles

"It was difficult to walk with stars". This is how Mr Yitzhak Shamir, who is expected to remain Foreign Minister of Israel in a new Begin Government, explains Likud's declining fortunes a year ago. The cohesion of the coalition was restored when "the stars"—Mr Moshe Dayan and Mr Ezer Weizman—resigned, and Mr Menachem Begin's Likud party again won public favour.

Mr Shamir, in his first interview since the election campaign, told me why he considered Likud "the real victor". Labour got back only its votes of 1973, while Likud continued to grow, so that "it has now become one of Israel's two great parties, like a conservative party in Europe or America."

Likud has strong foundations in the masses, especially among Oriental Jews, who know very well the Arabs, and he says: "It has come to stay. One day it will govern by itself."

Mr Shamir, in discussing the coming Government's foreign policy, pointed out that "we have a timetable and must act within it: first we must complete the negotiations on autonomy."

He seemed no difficulty in reaching an agreement soon, since "the positions of the two sides are clear: anyway, two are better than one."

He reminded me that Camp David left no doubt that Israel would accept no autonomy agreement that would put a stop to new Israeli settlements in the territories. "I know," he said, "that Mr Shamir feels that Israel will not have to give up its plans for new settlements in order to reach an agreement with Cairo."

This view is not shared by all. The moderate Arab mayors of "the territories" are confident—as one of them told me—that "Sadat will not betray his brethren. He will continue stalling until the full return of Sinai in April, 1981. Egypt will then become again a free agent, and we shall see."

Mr Shamir is convinced that the autonomy talks will not fail. But even if they should fail, the peace process, he believes, will go ahead as planned. "Israel keeps its obligations. We will keep our promises," he says.

It seems that in the mind of Israel's present leaders, peace with Egypt is a closed chapter, which allows them to look to the future with confidence.

Mr Shamir also describes Israel's relations with America as "very friendly, very close. Such friendship cannot suffer seriously from an occasional divergence of views," as he defines America's condemnation of Israel after the air attack on Iraq's nuclear reactor.

If Israel's relations with Egypt and America remain strong and stable, Mr Begin can indeed face with great confidence the problem of the territories. These, Mr Shamir claims, were "occupied" by Jordan only after 1948. Their annexation by Jordan was never recognized by the world.

Mr Shamir says: "autonomy is neither sovereignty nor independence, and we must find a solution within the framework of this concept. We are against another Palestinian Arab state and against the Palestinian Arabs' self-determination, because the Palestinian Arabs already have their state, which is Jordan. This is 80 per cent of the Palestinian language, culture, religion, people are all Palestinian. So, the right to self-determination has already been fulfilled," he states.

"As far as the territories are concerned, there is the problem of the Arab population, which does not want to live under Israeli military control," Mr Shamir adds.

"This is why we suggested autonomy, a solution which can be found in many other places, including Israel's South Tyrol. Such problems appear when there is a population which is ethnically different from the majority of the state in whom these territories belong."

Mr Shamir refuses to say whether Israel will propose, in five years, the annexation of "the territories" by Israel. He merely repeats that there will be negotiations and each side will present its own proposals. But his words leave few doubts as to what should be the final destination of "the territories" in his view of Mr Begin and to his closest colleagues.

Mr Shamir's view of the future is explained both by his confidence in Israel's strength and by his optimism as to Israel's relations with Egypt and America.

"The Palestinian movement, in time, will disappear. There is no other possibility," he says—and he is quite right—"has not been able to prevent Israel from leading a normal life. There is less terrorism in Israel than in many European countries. The PLO has failed."

The Arabs, he concludes, hoped to destroy Israel through conventional war, through terrorism, through nuclear weapons. All these possibilities have not proved unfeasible. So there remains only one option—peace.

"The Arabs will have to accept us and make peace with us," Mr Shamir says. © Times Newspapers Ltd.

## UN anger as bulldozers render 76 homeless

From Christopher Walker, Jerusalem, July 8

The United Nations Relief and Works Agency (UNRWA) has protested strongly to the Israeli Foreign Ministry about the recent demolition of family houses in the occupied Gaza strip which has left 76 relatives of suspected Palestinian terrorists homeless.

Mr Peter Hawkins, the agency's field officer in Gaza, told *The Times* today that since the houses were destroyed by Israeli bulldozers and explosives experts the families—including many women and young children—have been living among the rubble under canvas sheeting provided by the Red Cross.

The first five houses were destroyed on May 17 in the arrest of six suspected members of Palestinian terror groups which were alleged to have committed between them 14 murders. Two more houses were destroyed in another Gaza refugee camp on June 22 after the arrest of two more suspected terrorists leaving another 10 Arabs homeless.

The Israeli policy of destroying houses where suspected terrorists have lived or stored weapons is based on the British-drafted Emergency Defence Regulations of 1945, a draconian piece of counterinsurgency legislation originally intended for use against both Jewish and Arab extremists.

These people have neither running water nor electricity and have no alternative homes to offer them," Mr Hawkins said. "If nothing is done before the beginning of winter their situation will become desperate. As far as we are concerned this is collective punishment of innocent people whose only crime was being related to suspects."

In his letter to the Foreign Ministry Mr Rydbeck is understood to have cited the fourth Geneva convention of 1949 which stated that destruction of property has an occupying power is prohibited, except where such destruction was rendered absolutely necessary by military operations.

## Habib renews his search for peace in Lebanon

From Nicholas Hirst, Washington, July 8

Mr Philip Habib, President Reagan's special envoy to the Middle East, has returned to resume his shuttle diplomacy aimed at averting a war between Syria and Israel over Lebanon.

The success so far of Mr Habib's mission stands in sharp contrast to the administration's generally confused approach to the Middle East.

Syrian missiles, which first sparked off the crisis, remain in Lebanon, despite Israeli threats to wipe them out, but as time has gone by tensions have eased.

Mr Habib may take some of the credit for this. He now returns to signs of movement in Lebanon, which give some hope to the possibility of a respite in the six years of fighting there.

The Christian Phalangist forces appear to have agreed in principle to sever their links with their protector, Israel, in

an effort to help Arab states seeking a solution to the constant internal strife.

Mr Habib, by shuffling between the Arab capitals surrounding Lebanon, will be able to act as a catalyst to negotiations for peace. However, still finds itself facing two ways at once. A resumption of the peace process started three years ago at Camp David is urgently needed. President Sadat of Egypt is due in Washington in early August needing moves on autonomy for the Palestinians on the West Bank to appease critics at home.

The Israeli lobby is making itself felt, both by strong opposition in the House to the sale of Awac radar aircraft and in the Administration's indecision over sending more F16 fighter bombers to Israel. The dual pull of sympathy for Israel and interest in Arab oil has meant, but it is not clear if this administration can combine the two.

## DAILY STAR READER PROFILE



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## 'Desk murderer' walks free from Nazi trial

From Patricia Clough, Kiel, July 8

Kurt Asche walked out of court a free man yesterday after being sentenced to seven years imprisonment for his part in the murder of the 26,000 Belgian Jews deported to Auschwitz during the German occupation.

The man described during his trial as Belgium's Eichmann is aged 72, and was freed pending confirmation of the sentence because there seemed little chance of his evading justice.

The public prosecutor, lawyer for 49 co-plaintiffs and the defence all said they would apply to the High Court for a review of the verdict. It therefore appears unlikely that Asche will enter jail before the end of this year at the earliest.

Dr Rudolf Dann, the presiding judge, said no sentence could match Asche's crimes or stone for what he had done. If it were possible for Germans to make up for the Nazi past, the courts were not the place to do it.

The sentence was merely symbolic, the expression of the court's clear disapproval of what the accused had done, he said.

Seated below a dusty laurel relief of the goddess Justitia, with the scales of justice in one hand and a sword in the other, Dr Dann was evidently painfully aware of the importance of West German justice before the crimes of the Holocaust.

As Dr Dann had evidently foreseen there were vehement protests at the sentence. As soon as the judge's comments were over a babble of voices rose in the foyer as former Auschwitz inmates and co-plaintiffs whose parents and relatives had died in the gas chambers, expressed their disgust.

"A great Schweinerei", commented Mme Miriam Wald, a former Auschwitz captive with her camp number tattooed on her forearm.

"It is scandalous", protested Mme Sophie Reichtman, whose mother, grandmother and other relatives died at Auschwitz. "It is a scandal for the dead, for the Jews and for the German people. It is not possible that he should be allowed to leave the court a free man", she said.

Maitre Serge Klarsfeld, a lawyer for the co-plaintiffs who, with his wife, Beate, had played an important part in getting this and similar cases before the courts, said he was satisfied that the sentence was fair. "It was a fair trial", he said.

Asche's greyish face with its sharp features, remained expressionless during the verdict as it had done throughout the trial. As in other Nazi crime trials, onlookers had difficulty in associating this unobtrusive

looking pensioner in his neat grey suit with the horrors recounted by witnesses.

The trial is the last of several of the "desk murderers", the SS officials who, with a stroke of their pens, sent thousands of Jews to their deaths without laying their hands on a single one.

Asche was the head of the Jewish office of the German security police in Brussels and was responsible for the registering, rounding-up and deporting of Jews in cattle trucks to the death camps.

Originally there had been two other defendants, Ernst Boje Ehlers and Dr Konstantin Canaris, nephew of the wartime Admiral. Both of these former SS colonels had been the heads of security police at different times in Brussels and were Asche's immediate superiors.

Ehlers committed suicide the month before the trial opened and Dr Canaris, aged 74, has been certified too sick to stand trial.

It is now 18 years since proceedings opened. The investigations started late, were pursued slowly and much time was lost in appeals when an earlier court refused to send Asche for trial on the grounds that the evidence was not strong enough.

Maitre Klarsfeld and his wife had expedited the proceedings by producing documents and by protests, including the ransacking of Ehlers' home, to draw the public's attention to the delays.

Throughout the trial, Asche insisted that he had played an insignificant role, that his work consisted mainly of going over old documents and that, above all, he had no idea that the Jews were being sent to their deaths.

He said he thought they were simply being sent to work camps.

The court found that he supervised everything to do with the rounding-up and deporting of the Jews and that he must have known where they were going.

Jewish and German witnesses who had been in Brussels at the time, testified that they either knew or suspected the real purpose of the deportations. If the little people knew, the court could not imagine that the head of the Jewish office, who had discussed the deportations with the main Jew hunter Adolf Eichmann, could not have known.

The court's view of Asche amounted to a thumbnail sketch of so many middle-sized cogs in the Holocaust machine. Unemployed, he had joined the Nazi Party not out of conviction but in the hope that he would thus find work.



## Srinagar, where the lotus buds choke

From Trevor Fieback, Srinagar, Kashmir, July 8

"Pale hands, pink-tipped, like lotus buds that float on those cool waters where we used to dwell."

The trouble today with the fabled cool waters of Dal Lake, in Kashmir, is that they are in danger of being choked by weeds and ruined by pollution.

With the lake in such critical condition, the state Government is seeking British conservation expertise to save it.

Dal Lake, set against a background of Himalayan peaks and orchard covered slopes, is one of India's natural wonders and an important resort offering cool green respite from the baking plains. The feeding, housing and transport of tourists, and the large scale manufacture of carpets, clothing, handicrafts and gewgaws are a vital part of Kashmir's economy.

The lake, on which the state capital of Srinagar stands, has been the centre of Kashmiri civilization for more than a thousand years. It was the resort of Moghul emperors who laid out the famous lakeside gardens of Shalimar and Nishat during the seventeenth century.

But during the last century the lake has shrunk. Local people have for a long time been making floating market gardens of weed, willow and mud, for the growing of fruit and vegetables. Gradually these gardens have become anchored and merged to form islands.

When the Victorian poet Adela Florence Nicholson wrote of "pale hands I loved twice the six square miles it is today."

While people have been reclaiming the lake, the waters themselves have been

colonized by houseboat builders getting round the law which forbids non-Kashmiris to own land in Kashmir. There are now ubiquitous shikaras, and these have become part of the lake's character.

There is a price for their picturesque presence. They discharge effluent into the lake. This and other nutrients entering the water have encouraged weed growth to the extent that parts of the lake have become covered with sargassum; and pollution poses a threat to health.

After a survey made a few years ago by environmental specialists from New Zealand, the Kashmiri State Government started some remedial work.

But the overall problem remains acute. Srinagar badly needs a better freshwater supply and drainage system.

Others were said to hold blocks of blank P2 membership forms and a photocopy of a report in English, purported to come from the United States Central Intelligence Agency about plans by P2 to disrupt countries of Western Europe.

These details are unofficial and unconfirmed, but Signor Sica, who visited Zurich last night and the arrest of Signora Donatoni suggest that the documents contained information of importance to the P2 inquiries. She evidently did not expect her personal baggage to be searched on arrival, and had booked a return flight to Nice for Sunday evening.

Signor Gelli, who is wanted on several charges including political espionage, is believed to be in South America. The Italian authorities are working on the theory that he sent his daughter from South America by way of Nice to deliver the documents to certain trusted P2 associates here, to make use of them as they saw fit.

The P2 masonic group, which had nearly 1,000 names on its list, has been officially classified as a secret organization. Among those whose names were listed several of whom have denied membership were prominent figures in the armed forces, civil service, financial and business worlds, as well as three ministers in the last Government.

Senator Giovanni Spadolini, the new Prime Minister, has promised legislation to suppress it and any other clandestine power centres. Most of those in public service have been suspended pending official inquiries.

The court at Pau in the Pyrénées-Atlantiques agreed today to recommend the extradition of three Spanish Basques wanted for murder in Spain.

The same court turned down an extradition request for six other Basques who are wanted for offences varying from armed robbery to bomb attacks and to stealing explosives.

The recommendations for extradition have to be confirmed by the Government, which has already made it plain that only criminals wanted specifically for offences against common law are liable to be handed over to the justice of another country.

## Reagan promises to resist protectionists

From Frank Vogl, Washington, July 8

President Reagan's White House today issued its long-awaited international trade policy declaration and firmly called for greater global efforts to secure free trade. It stated that his Administration "will strongly resist protectionist pressures".

The trade statement, which has taken several months to prepare and which has been the subject of wide consultations with Congress and all Cabinet departments, warns foreign countries that the United States will act swiftly against violators of international trade agreements.

The statement emphasizes that the Administration will not subsidize stalling American companies, or bail out firms suffering from international competition. Mr William Brock, the United States Trade Representative, told senators today that "we should be prepared to accept the competitive challenge, and strongly oppose trade-distorting interventions by government".

A key part of the Administration's trade policy, according to the statement, is more vigorous promotion of American exports and the Administration will seek tax cuts for Americans working abroad. The Administration will also support congressional efforts to create trading companies which will eliminate regulatory disincentives to exports and it will change and weaken foreign corporate bribery laws.

The statement also emphasizes that President Reagan will make later this month at the Ottawa economic summit conference of leaders of the largest industrial nations. At that session the President will emphasize to the French in particular, that he staunchly opposes the use of government credit subsidies to boost exports.

The Administration, according to the statement, will strive to cut substantially, if not eliminate entirely, the subsidy element in governmental export credits.

Mr Brock, the Cabinet officer in charge of international trade negotiations, told a joint meeting of the Senate's finance and commerce committees, that the Administration is pledged to both free and fair trade and

that it will at times resort to anti-dumping, countervailing duty and other sanctions against foreign exporters. "We regard these (international trade) laws as essential to maintain the political support for a more open trading system."

Mr Brock stated that American industry must take part in international competition and must not be aided by government support. The United States expects foreign nations to take a similar view.

The statement underscores the Reagan Administration's deep faith in the free enterprise system and Mr Brock noted that "it will be critical to encourage, through international negotiations, all governments to adopt adjustment policies which do not have trade and investment distorting effects."

The Administration will seek new multilateral negotiations that will expand trade and set rules in international trade in services, as a complement to rules concerning goods. New multilateral codes will be sought for trade-related international investment practices.

The statement is not specific and its general formulation may prompt critics to suggest that it provides the White House with sufficient scope at times to impose protectionist measures. Administration officials admit that is phrased to "allow flexibility" but they point to the President's recent decision to lift restrictions on shoe imports from Taiwan and South Korea as evidence of the anti-protectionist mood.

A clear implication is that the administration had it have been in power last year, would not have rescued the Chrysler Corporation, which was brought to the verge of bankruptcy in part because of Japanese competition. Officials insist that the recent agreement by the Japanese to limit their exports of cars to the United States was sought solely to counter the prospect of protectionist measures enacted by Congress.

It is likely that the Reagan Administration may face some criticism in Ottawa about the car pact. In June, imported cars captured 28.4 per cent of the United States market for new cars. Imports totalled 265,000.

The Spanish Government took legal action for the second time to keep an Army officer in custody during an investigation into subversive activities, it was reported here today. The Government was countering the successive orders of a military judge and a civilian magistrate to release him for lack of evidence.

The officer, Major Ricardo Saenz de Ynes, was placed under arrest by military authorities at the Government's request on June 23, and an investigating officer ordered his release four days later. The Government then immediately had him rearrested under the terms of the Anti-terrorist law, but a magistrate ordered that he be freed 10 days later.

Major Saenz de Ynes was convicted in 1979 for his part in the so-called "Galaxy plot" to overthrow the democratic Government, but he later returned to active duty. He was one of four Army officers and 12 civilians who were taken into custody late last month in connection with what the Government called a plan to destabilize Spain's democratic regime.

The State Prosecutor appealed yesterday against the latest court order to free the major. As a result the major must now remain in prison at least until the appeal has been heard. The appeal may take up to 25 days, according to legal sources here.

Of the 12 civilians who were interrogated in connection with the case, all but three have been released, and the remaining three were to have been freed together with the major by the same court order against which the Government appealed. Consequently they too must remain in prison pending the outcome of the appeal.

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## Prosecutor goes to Zurich over P2 case

From John Earl Rome, July 8

Signor Domenico Sica, the Rome deputy public prosecutor, today had talks in Zurich with Swiss legal officials, to seek information about numbered bank accounts reported to be held by Italian politicians involved in the masonic P2 affair.

The numbers were understood to be contained in documents seized from Signora Maria Grazia Donatoni, the daughter of Signor Licio Gelli, the P2 Grand Master, when she arrived at Rome airport last Saturday from Nice. She was first held for questioning, and was then arrested on charges of espionage and complicity in conspiracy.

According to judicial sources, she was carrying five envelopes containing documents, addressed to P2 members in Italy. One was alleged to contain the numbers of bank accounts of minor politicians from various parts of Italy.

Others were said to hold blocks of blank P2 membership forms and a photocopy of a report in English, purported to come from the United States Central Intelligence Agency about plans by P2 to disrupt countries of Western Europe.

These details are unofficial and unconfirmed, but Signor Sica, who visited Zurich last night and the arrest of Signora Donatoni suggest that the documents contained information of importance to the P2 inquiries. She evidently did not expect her personal baggage to be searched on arrival, and had booked a return flight to Nice for Sunday evening.

Signor Gelli, who is wanted on several charges including political espionage, is believed to be in South America. The Italian authorities are working on the theory that he sent his daughter from South America by way of Nice to deliver the documents to certain trusted P2 associates here, to make use of them as they saw fit.

The P2 masonic group, which had nearly 1,000 names on its list, has been officially classified as a secret organization. Among those whose names were listed several of whom have denied membership were prominent figures in the armed forces, civil service, financial and business worlds, as well as three ministers in the last Government.

Senator Giovanni Spadolini, the new Prime Minister, has promised legislation to suppress it and any other clandestine power centres. Most of those in public service have been suspended pending official inquiries.

The court at Pau in the Pyrénées-Atlantiques agreed today to recommend the extradition of three Spanish Basques wanted for murder in Spain.

The same court turned down an extradition request for six other Basques who are wanted for offences varying from armed robbery to bomb attacks and to stealing explosives.

The recommendations for extradition have to be confirmed by the Government, which has already made it plain that only criminals wanted specifically for offences against common law are liable to be handed over to the justice of another country.

The statement underscores the Reagan Administration's deep faith in the free enterprise system and Mr Brock noted that "it will be critical to encourage, through international negotiations, all governments to adopt adjustment policies which do not have trade and investment distorting effects."

The Administration will seek new multilateral negotiations that will expand trade and set rules in international trade in services, as a complement to rules concerning goods. New multilateral codes will be sought for trade-related international investment practices.

The statement is not specific and its general formulation may prompt critics to suggest that it provides the White House with sufficient scope at times to impose protectionist measures. Administration officials admit that is phrased to "allow flexibility" but they point to the President's recent decision to lift restrictions on shoe imports from Taiwan and South Korea as evidence of the anti-protectionist mood.

A clear implication is that the administration had it have been in power last year, would not have rescued the Chrysler Corporation, which was brought to the verge of bankruptcy in part because of Japanese competition. Officials insist that the recent agreement by the Japanese to limit their exports of cars to the United States was sought solely to counter the prospect of protectionist measures enacted by Congress.

It is likely that the Reagan Administration may face some criticism in Ottawa about the car pact. In June, imported cars captured 28.4 per cent of the United States market for new cars. Imports totalled 265,000.

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## Government coalition breaks up in Nigeria

From Karen Thapara Lagos, July 8

The civilian coalition government which came to power after 13 years of military rule here fell apart today after less than two years amid acrimonious exchanges.

President Shagari's National Party accepted the immediate abrogation of its coalition with the Nigerian People's Party. Earlier this week, the Peoples Party had issued a six-month notice of termination of the accord.

Today's acceptance by the President's party says: "We accept the notice of termination with immediate effect. We expect all Peoples Party ministers, the deputy president of the Senate and the Speaker of the House of Representatives to resign immediately. That is the path of honour."

In his reply to his Peoples Party counterpart, the National Party chairman has written to say that with the exception of his help in the election of the Senate, the Peoples Party gained nothing from the coalition accord with the Peoples Party. "Since then," the statement added, "we have received only open confrontation from your party."

As far as the National Party is concerned, he claimed, the accord did one year ago, and the Peoples Party was its only beneficiary.

The 21-month-old coalition came to power when the Army returned to barracks in October, 1979. Under Nigeria's American-style new constitution, the fact that the President's party did not have a majority in the National Assembly did not necessitate a coalition. It was the mood of national reconciliation at the onset of civilian rule which determined the accord.

A similar accord had been at the heart of the first Nigerian republic which fell when the Army took over in 1966.

The present coalition first ran into serious trouble when members of the Peoples Party voted against it during the January revenue allocation debate. Their National Party colleagues sought revenge by failing to ratify its ambassadorial nominees.

The impachment of the Kaduna governor last month by National Party men was the last straw. It convinced the Peoples Party that it would be better off in opposition than to accept the responsibilities of power without either the influence, or patronage it thought it deserved.

Diplomats report that on both sides severe doubts as to the efficacy of the coalition had existed for several months. The Peoples Party feared the National Party was trying to displace it. The National Party had come to regard its partner as an encumbrance.

The fact that it had in recent months secured support from several other individual and party legislators gave it confidence to face the assembly alone.

The result is a rigid polarization with the National Party Government and President facing four opposition parties united by their opposition.

The northern electoral base of the National Party and its supporters has now been pitted against the splintered south.

## Turnhalle lobby to stiffen American resolve

From Eric Marsden, Johannesburg, July 8

As guerrillas of the South-West Africa People's Organization (Swapo) and South African security forces clashed for the sixth successive day in the Namibia-Angola border area, it was announced in Windhoek that the two leaders of the territory's ruling party will leave for the United States on Friday for talks with leading American politicians.

The mission will consist of the Rev Peter Kalangua and Mr Dirk Mudge, respectively president and chairman of the Democratic Turnhalle Alliance (DTA), which has 39 of the 50 seats in the Namibia (South-West Africa) National Assembly. Mr Mudge is also chairman of the Namibia Council of Ministers.

The commanding officer of the South-West Africa territory force, Major-General Charles Lloyd, disclosed today that another 12 Swapo insurgents were killed in five skirmishes in the border area yesterday, bringing the total killed in six days to 77. He said that there were no casualties among the security forces, but an Ovambo civilian had been murdered by a group of 30 guerrillas about two miles from the border.

It is understood that the DTA leader, Mr Kalangua, is a reflection of concern in Windhoek that the United States Government may be backtracking on its initiative on Namibia. Recent American statements have emphasized that the United

Nations Security Council's resolution 435 is still the main basis of any settlement. This amounts to a volte face from the line taken in Washington at the time of the United Nations debate on sanctions in April, when a senior State Department official described resolution 435 as "dead in the water" and warned Swapo and the black states that they would have to make concessions to the South African viewpoint to make a settlement possible.

Though the details were never clearly stated, the United States was believed to have proposed a new formula to meet the objections from the DTA and South Africa that a United Nations-supervised election, as called for by resolution 435, would be biased in favour of Swapo because of the support the world body gives to the guerrillas, and that this could lead to a 35 per cent party vote. It was this belief that led to the collapse of the Geneva conference on Namibia in January.

The United States formula was reported to be for the drawing up of a Namibia constitution before an election to safeguard minority and property rights, and for the replacement of United Nations troops in the pre-election period with a force drawn from Western and moderate African countries. This was firmly rejected by Swapo and the black front-line states and the United States Government seems to be having second thoughts.

## Ugandans to try Astles for murder

Kampala, July 8—Major Bob Astles, aged 57, the former British road foreman who became Idi Amin's chief adviser, was committed to the Uganda High Court today to stand trial for murder.

Major Astles was extradited from Kenya in May 1979, and has been in Lusira prison outside Kampala for the last two years.

Mr James Duku, the chief magistrate, transferred the Astles case to the High Court and recommended that he be tried in the very near future for the alleged murder of Mr Henry Musisi, a Ugandan fisherman. If he is convicted, the maximum sentence is death.

Major Astles said he had been treated well both at prison and by the court, but observers in court noticed that he had lost over 20lb during his captivity. He was wearing a black suit that looked too big for him and he has grown a beard in prison.

During the Amin regime, Major Astles was in charge of Uganda's anti-smuggling unit and it is alleged he killed Musisi in the course of an anti-smuggling operation on Lake Victoria in May, 1977.

Major Astles said that "there was such an incident", but that it involved a Ugandan soldier in the anti-corruption unit and the civilian police.

Watched from the courtroom by his wife Mary, he said that he intended to call witnesses on his behalf and asked for a sketch of the location of the alleged murder.—UPL



Police were forced to use wire-cutters to free a demonstrator, one of four protesters against the Springbok rugby tour of New Zealand who chained themselves to scaffolding outside the Canterbury Rugby Union building in Christchurch yesterday. There were reports that human blood had been daubed on the outside of the building.

## Tour threat to talks Bahamas may be host to finance ministers

Wellington, July 8.—The forthcoming Commonwealth finance ministers' conference will be moved from Auckland to the Bahamas if the planned New Zealand tour by the South African Springboks Rugby team goes ahead, Government sources said here today.

A decision on the venue of the September meeting is expected in London on Friday when the Commonwealth's Southern Africa Committee, which consists of London-based Commonwealth diplomats, meets to discuss the issue.

In the meantime, the New Zealand Rugby Union Council is expected to meet to make a final decision on the tour, which is scheduled to begin in two weeks.

Despite pressure from both inside and outside New Zealand, the council is expected to reaffirm that the tour will go ahead. Mr Robert Muldoon, the New Zealand Prime Minister, has said that New Zealand will not attend the Commonwealth finance meeting if it is moved from Auckland in protest against the Springbok tour.

In Christchurch, two anti-tour protesters were arrested today after splashing blood on a portrait of Mr Muldoon and on a desk at the local office of the ruling National Party.

They were arrested later at the offices of the Canterbury Rugby Union, where they splashed blood on the walls and floors.—Reuter.

□ Sporting contacts with South Africa and the Gleneagles agreement are likely to provide the more important Commonwealth heads of government

meeting in Melbourne starting on September 30, with its most contentious issue (Our Foreign Staff writes).

Mr Muldoon has also threatened to withdraw New Zealand from the Gleneagles agreement should the finance ministers move their meeting, and four Caribbean governments have also given notice that they intend to raise the question.

The proposed rugby tour has brought the issue to boiling point. Diplomatic relations between New Zealand and Australia have been strained since Australia refused to allow the Springboks to overfly on their way to New Zealand.

Should the tour go ahead, there is little doubt it will lead to turmoil in the conference rooms.

□ Extraordinary security measures will be taken at the Melbourne summit (Our Melbourne Correspondent writes).

Already police have refused to disclose the press plans of Melbourne's Royal Exhibition Building, even though they are available at every exhibition held there.

Newspapers have been asked not to publish where the Royal Yacht Britannia will be berthed during the conference.

The Queen will be visiting Melbourne but will play no formal role in the conference. Nevertheless she will receive each head of government, probably on board Britannia.

It is clear that the conference, costing an estimated \$13,750,000 (£5,750,000), will be the most elaborate ever held in Australia.

## Gibraltar attacks BBC cuts

By Kenneth Gosling

Sir Joshua Hassan, Chief Minister of Gibraltar, yesterday condemned the Government's proposal to shut the Spanish service of the BBC as part of cuts totalling £3m which also affect six of the other language services.

Sir Joshua, who went to see Lord Carrington, the Foreign Secretary, on Tuesday, said the decision was not fair. Referring to the BBC's "accustomed and reputed neutrality", he said it was particularly important now, Spain was going to join the European Community, that there should be understanding between nations.

"I do not see any good reason," he said, "for the services to Spain to be cut". Gibraltar did not like it, and he had told Lord Carrington that.

The Somali Ambassador has also made a formal protest to the Foreign Office about the closure of the Somali service.

A Commons motion calling on the Government to rescind its decision had by yesterday been signed by 122 MPs of all parties. A debate on the cuts is expected in the House of Lords before the summer recess.

## China criticizes US for its links with Taiwan

Peking, July 8.—China today made its most striking attack on United States policy towards Taiwan since President Reagan came into the White House, accusing Washington of maintaining disguised official relations with the Nationalist Chinese regime.

It also accused the United States of opposing Third World people in order to support a few "old friends".

The official New China news Agency attacked Mr Larry Speakes, the Whitehouse spokesman who yesterday referred to the Taiwan "Taiwan Government".

The remarks of Mr Speakes are both ludicrous and stupid, the agency said, recalling that the Sino-American normalization communiqué of January 1, 1979 recognized the Peking regime as the sole legitimate Government of China.

The report continued from Washington noted that though speaking of the "Taiwan Government" Mr Speakes had said that the Reagan Administration did not intend to change its non-governmental relationship between Washington and Taipei.

It is a big retrogression for the White House spokesman to call the local authorities of Taiwan, "the Taiwan Government", the agency went on.

Obviously the so-called non-governmental relationship is merely for covering up the official relationship.

Before the visit to Peking of Mr Alexander Haig, the United States Secretary of State, in mid-June China had strongly attacked American policies towards Taiwan and virtually called on Washington to end its arms sales to the Nationalist regime.

The agency today again alluded to Peking's opposition to United States arms sales to Taiwan and affirmed that the non-official missions maintained by Taiwan and the United

States in each other's country "are really embassy and consulates and diplomatic officials". After the break in diplomatic relations between Washington and Taipei which occurred simultaneously with the Sino-American normalization, the United States opened an American Institute in Taiwan while Taiwan is represented in the United States by a coordination Council for North American affairs.

The agency said that the supply of United States arms to Taiwan which would be used to oppose the central Government of China "went beyond official relationships and interfered in China's internal affairs".

Mr Speakes was yesterday attempting to discount reports that the United States intended to alter its official relationship with Taiwan.

He said: "Since January 20, there have been numerous contacts with the Government of Taiwan, probably more frequent and more cordial than under the previous Administration."

The agency said that the continuing dispute over Taiwan would thwart greater strategic cooperation between Washington and Peking. Apparently to prove the point, the agency carried a second commentary criticizing the Americans for supporting Israel, South Africa, South Korea and Taiwan.

"The United States Government because of its bias towards a handful of its old friends is poised against the Arab and African peoples and the peoples of many other Third World countries", it said. AFP and UPL.

□ China said today that Mr Huang Hua, its Foreign Minister, would not attend a United Nations conference in New York on Cambodia and that a deputy would lead the Chinese delegation.—UPL.

**"The number of young people given opportunities on British Rail continues to grow rapidly. The Programme has been an enormous success for them and for us."**

SIR PETER PARKER  
CHIEF MANAGER, BRITISH RAILWAYS BOARD

**"Thanks to the training I received through the Y.O.P. I have found permanent work."**

DAVID SHAKESPEARE  
CUSTOMER

**"At the Wildfowl Trust we've taken on quite a number of teenagers as part of the Y.O.P. They're helping us and themselves because it must be easier to get a job if you've had some real work experience."**

SIR PETER SCOTT  
MANAGING DIRECTOR, WILDFOWL TRUST

**"Money I can't give to teenagers. A start in life I can."**

HAROLD STEVENSON  
CHIEF MANAGER, NESTLE'S GREAT BRITAIN

**"Y.O.P. is giving me the chance to learn the skills I would like to use in my future employment."**

PAT PEARSON  
GUEST

**"Young people are being hit very hard by the recession. We feel that they should be given a chance through Y.O.P."**

TOM JACKSON  
GENERAL SECRETARY, ILOU

**"Y.O.P. is like a bridge from the classroom to the working world. As a Careers Officer, I know that it can give teenagers the confidence and motivation which will improve their prospects of getting a permanent job."**

RAY HURST  
MANAGER, RESOURCES, ILOU

**"The future of this country will be in the hands of those very teenagers Y.O.P. is helping today. The T.U.C.s behind it all the way."**

LEN MURRAY  
GENERAL SECRETARY, T.U.C.

**"The C.B.L. is totally committed to the Youth Opportunities Programme. It has set up a special Unit to support it. Industry cannot afford to ignore the plight of unemployed young people."**

SIR TERENCE BECKETT  
DIRECTOR GENERAL, C.B.L.

**"We've been running schemes in our small business since 1977. The M.S.C. said we were just as important as the bigger firms. We've given places to young people we wouldn't normally have considered for a permanent job. Y.O.P. gave them the chance to prove themselves and four of them went on to apprenticeships."**

MARY MATTHEWS  
PROPERTY & ASSURANCE, C.B.L. DONKEY JER

**"Around 50% of school leavers may need help from Y.O.P. this year. So I hope that everyone will support it."**

FRANK CHAPPEL  
GENERAL SECRETARY, DETROIT

**"Clearly you have to provide experience and training. But the M.S.C. pays the youngsters and there are no tax returns or National Insurance contributions."**

JOHN WELSH  
DIRECTOR, M.A. DINES, PLUMBERS LTD, BOSTON

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# Pressure for ceiling on council rate rises

## ENVIRONMENT

The Government would have to consider seriously whether it should put a ceiling on local authority rate increases, Mr Heseltine said in explaining that he was being pressed to take that sort of measure.

Mr Heseltine (Dover, Chy. C.) asked Mr Heseltine to introduce further measures to protect ratepayers from the consequences of the high spending policies of some local councils.

Mr Heseltine (Henley, C.) I am suggesting further measures, including the possibility of legislation next session, to bring home to individual authorities and the electorate the consequences of high spending policies.

Mr Dover: Following the recent county council elections, Lancashire are levying an 18 per cent increase on the rate of 10 pence which will have on businesses and households.

Those ratepayers and the electorate will fully support any measures Mr Heseltine wants to take.

Mr Heseltine: Supplementary rates like that will lead to a worsening of the economic situation and to a worsening of unemployment.

Mr Kenneth Eastham (Manchester, Chy. C.) I am being pressed by the Government to put a ceiling on local authority rate rises. What effect will that have on businesses and households?

Mr Heseltine: Interest rates higher than we have been accustomed to, but the crisis of local government, which Labour is not facing in fact, is that Britain's ability to live up to previous standards has been eroded by the world recession.

Mr Heseltine (Rugby, C.) Recognizing the need to retain local democracy, will Mr Heseltine put a ceiling on rate increases and ratepayers in Labour authority areas do not have to suffer increased hardship?

Mr Heseltine: I am being pressed by the Government to put a ceiling on local authority rate rises. A number of authorities appear to feel that they can cut outside the constraints of Government policy.

That is a challenge to the traditional relationship of freedom which exists between central and local government.

Mr Gerald Kaufman, chief Opposition spokesman on the environment (Manchester, Ardwick, Lab.) Of those authorities which Mr Heseltine says are overspending, 14 councils are overspending by the extent of 158m, according to his criteria, but that is overspending on Conservative budgets.

Are Labour councils to be penalised for Conservative budgets? Mr Heseltine: The effect of my proposals is irrespective of party control. I have shown to each authority, irrespective of political control, the level of hold-back proposed in the budget.

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derused public land more than one acre in extent had been published in 27 out of the 33 areas so far published, to have been two months' register, for Birmingham and Sandwell, would be published this Friday. About one third of the registered acreage was considered suitable for development.

## Labour plans on mortgage tax relief

Mr Frank Allan, who is chairman of the Labour Party NEC housing group, stated that reports that the Labour Party would be recommending the phasing out of tax relief on mortgage interest were false.

Mr Allan (Salford, East, Lab.) said that the Labour Party was in favour of granting mortgage interest relief at the basic rate but not allowing it to go to 60 per cent for the very wealthy.

The matter was raised by Mr Robert McCrindle (Brentford, W. C.) who asked the Secretary of State for Environment what he thought of the suggestion that there should be a phasing out of tax relief on mortgage interest.

Mr Heseltine (Henley, C.) I suppose that the ordinary detached observer of the scene would draw from the report that the Labour Party is back in its traditional role of attacking private wealth and private house ownership.

After Mr Allan had intervened, Mr Heseltine commented: Could he tell us which Labour Party he is speaking for?

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Allan: False reports.

They were: Manchester, Islington, Knowsley, Hackney, Southwark, Lambeth and Camden.

Mr Ralph Howell (North Norfolk, C.) In Norfolk nearly 1,000 houses are empty, more than 600 in the city of Norwich alone. What action will be taken to ensure that these are let or sold?

Mr Heseltine: We have given local authorities powers to enable them to cut the number of empty dwellings. I hope ratepayers and electors everywhere will put maximum pressure on their authorities to make sure empty properties are sold or otherwise occupied.

Mr Bruce Douglas-Mann (Merton, Mitcham and Morden, Lab.) Two per cent of local authority dwellings are empty but 4 per cent are empty in the private sector. Of the 23,000 local authority dwellings empty for over a year, 15,000, or 64 per cent, are empty because they are vacant.

Does he think the Government's policy of cutting local authority housing is justified in the circumstances?

Mr Heseltine: I do not accept that a local authority is justified in cutting a dwelling empty because it is empty. It is empty because it is empty. It is empty because it is empty.

On houses empty in the private sector, I should be grateful for his support in rescinding the irredeemable commitment to repeal the Housing Act 1969.

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Part four of THE RETURN OF THE AYATOLLAH: Mohamed Heikal describes the refashioning of Iran on Islamic principles

## The reluctant 'saint' who rules a state

The last flicker of imperial rule in Iran had been when General Gharabaghi imposed the new prime minister, Khomeini's nominee Mehdi Bazargan, to send somebody to take over the army from him. But in fact there was then no army to be taken over.

Nor was it only the army which had evaporated; the whole apparatus of government had ceased to exist. Every element in the life of the country had come to a stop, waiting to know what the Imam wished done with it.

Khomeini now exercised an authority far more absolute than that of any shah. The wealth and prestige of the country were at his disposal. Even those who had for long and independently opposed the Shah — the old politicians of the National Front and other groupings; the left, including the communists; the bazaar — now recognized their master. Internationally Khomeini was the new and incomparable hero for every revolutionary movement.

Clearly a completely new chapter in Iran's history was opening. But what was the Imam going to write in it?

When I saw Khomeini in Paris at the end of 1978 I told him I had no doubt of his ability to demolish the old order, but I was not so confident about his ability to build a new one.

"If I may use military terms," I said, "you have shown that you command very effective artillery, but after your guns have done their work you need infantry to occupy the positions captured. Where are your infantry? In a revolution the cadres, the bureaucrats and technocrats who have to carry out the programmes which the revolutionaries have been fighting for. Of course some of the old bureaucrats and technicians in Iran were corrupt and incompetent, but you will need the services of the good ones among them."

Khomeini's answer was that Iran would not be deprived of the services of good Moslem technicians who had been trained in the West and who could come home and carry out programmes of modernization on the basis of Islamic principles.

When I pressed him to explain what the "Islamic principles" governing the new government amounted to, he said "liberty and justice". I said I could see no conflict between us there.

But was his explanation sufficient? In the first days of the Revolution, many people, including politicians like Bazargan and Sanjabi, described Khomeini quite simply as "a saint". They saw him as a man of God who had thrust aside the forces of darkness, and who had thereby left the stage free for men of goodwill (like themselves) to take over the reins of government.

These people believed that what the saint would do after his victory would be to spend a few days in Tehran and then go back to Qom, once again collect his *hawza* around him, and continue to instruct his disciples in religion as if all that had happened since 1963 could be forgotten.

**At first, no wish to rule**

This was, indeed, Khomeini's own intention. Like so many military rulers who have seized power in the modern world and have proclaimed their intention to go back to barracks as soon as possible, Khomeini genuinely had no wish to rule. But, like so many of the soldiers, he found it was easier to wish for retirement to private life than to achieve it.

The fact is that the success of the Revolution had overthrown old focuses of authority without setting up new ones, apart from Khomeini himself. Any regime, if it is to survive, must of sectional interest; but in the early days of the Revolution in Tehran this did not exist. People like Bazargan (now seventy-five years old), Sanjabi and the others were leftovers from the Mossadeq generation. In spite of owing their present positions to the Ayatollah, they were isolated individuals, with no power base or organized following in the country.

If Khomeini understood this, it did not worry him. It was his firm belief that the first duty of the Revolution was to destroy everything connected with the Shah's regime; and in this he was proving remarkably successful.

The army had to be destroyed, not only because it was the creation of the Shah but because it represented the only real poten-

tial threat to the Revolution; both the exiled Shah and the Americans had their eye on it as the nucleus for a counter-revolution. Similarly the police had to be disbanded because they too had been instruments of the Shah's tyranny. The worst among them, from Savak, must suffer exemplary Islamic punishment (*qassas*) for their misdeeds.

When I spoke to him in Qom, Khomeini showed a Utopian belief in a society's ability to live in harmony without compulsion. "Certainly," he told me, "I could reimpose law and order on the country tomorrow, but this could only be done by means of the army and a new Savak-like police. Am I to resort to suppression, like the Shah?"

"Our people have been in prison for thirty-five years; no government is going to put them in prison again. They must be given a chance to express themselves as they wish, even if it means a certain degree of chaos."

### Bureaucracy to be liquidated

The army and the police were not the only casualties. All the old bureaucracy had to be liquidated too. I remember Qotbzadeh saying to me one day in his office in the Ministry of Foreign Affairs: "The real enemy I have to deal with is not outside — it is inside my ministry. The civil servants have been doing their best to frustrate my efforts and to carry on just as they did in the days of the Shah. I have to get rid of two levels of officials and make use of the third layer."

The intellectuals were not trusted, and in any case they had no practical proposals for dealing with current problems. In these early days, when Khomeini was accessible to all, he found himself daily bombarded with grandiose plans drawn up by the intellectuals on every conceivable subject, which had little or no relevance to the country's needs.

On the other hand, there were many technicians, who had been educated abroad and who had remained abroad to avoid working for a regime they detested, and officials from international agencies such as the United Nations and the World Bank, who had, as Khomeini conceded, much to offer. But most of these, having returned home eager to see if the Revolution could make use of their services, sadly came to the conclusion that the time for them was not yet.

The bourgeoisie, who had for the most part abandoned the Shah in his last years, now found themselves in a world of sympathy and which showed no sympathy for them. There was chaos on the streets and in the markets; trade and credit had come to a halt; there seemed nothing for them to do or to hope for.

So the vacuum was there, and though a Deputy Prime Minister with responsibility for Revolutionary Affairs, Ibrahim Yazdi, had been appointed, who was supposed to coordinate and reconcile all the forces behind the Revolution, this proved no more than window-dressing. There was only one authority in the country.

As Yazdi himself — said to me, the Revolution consisted of one man, the Imam, and the millions of his followers, with nothing in between.

The result was that when, after a few weeks, Khomeini did quit Tehran and return to his home in Qom, he did not go as a private citizen, or as a saint, or as a teacher about to reassemble his *hawza* around him. The problems he was leaving behind him were too big for any person or any group of people to cope with, so all Tehran went to Qom with him.

In fact if not in name, Khomeini remained the government. In vain he protested that it was not his wish to be a ruler. But if he was not to be a ruler or a private citizen, what was he to be? The answer was of his own choosing. He would be an arbiter.

There was plenty of scope for arbitration. The new forces were divided. There was conflict between the mullahs and the intellectuals, and between the insiders and the outsiders. The intellectuals — men like Bani-Sadr, Yazdi, Shemran and Qotbzadeh — were not "seculars", as they were sometimes wrongly labelled, for they too believed that the Revolution must have an Islamic character, but they had had a western education and naturally saw things differently from the mullahs.

Then, as in so many revolutions, there was a rivalry between those who



The Ayatollah with his guard: The Revolution created no new 'focuses of authority' for those it swept away — save Khomeini himself

had remained all the time in Iran, facing the tortures of Savak and the bullets of the army, and those who had organized the revolution abroad and returned in triumph with the Imam. No one faction was strong enough to dominate the others.

Some of the mullahs had strong local support, but none had truly national following. Many of the intellectuals returning from abroad did not even own a house, let alone a power base. Bani-Sadr, for example, was still a lodger in his sister's house in Tehran when he was elected president, his only personal possessions, there amounting to a few books he had brought back with him.

It seemed to Khomeini much better that the differences, often acute, between these various groupings should come out into the open while he was still alive and, thanks to his unique

prestige, able to resolve them, rather than that they should fester and break out after his death — and he was feeling that his end could not be far off.

So he set about creating a balance. As in the American constitution there are checks and balances between the President, Congress, and the judiciary, so in revolutionary Iran there was to be a balance between the President and the Majlis (the Parliament), between the governmental machine and the mullahs.

Khomeini's nominee for the presidency was his loyal supporter, the head of his Paris Komitay and organizer of his Paris sojourn, Bani-Sadr. Not that he received Khomeini's endorsement in so many words; but few had much doubt about whom they were expected to vote for in the presidential election.

On one occasion before the election, I had been

invited to dine with Bani-Sadr at the house of his sister and brother-in-law. He was late in turning up, having been delayed by business at the Revolutionary Council, and I said I would go away and come back later.

As I was leaving I met Khomeini's grandson Hussein coming in. He greeted me: "So you are going to have dinner with the first President of the Islamic Republic?" I told him he had just given me an important item of news, and though he tried to pretend that he had only been joking it was clear whom Khomeini was going to vote for. Bani-Sadr duly got 76 per cent of the votes, and if Khomeini's wishes had been more explicit he would probably have got 100 per cent.

If a representative of the laity was to enjoy the presidency, the mullahs were to have their reward in the Majlis. When a general

election was held in March and May 1980, the Islamic Republican Party, led by Ayatollah Beheshti, was duly successful, gaining a majority of the 270 seats.

### Pleas from the old guard

At the same time, to give a more formal sanction to his own position, Khomeini decided that the 1906 constitution should be amplified by an amendment laying down that when a *faqih* (such as himself) was available, he should be the supreme authority in the state, but that in the absence of such a person this authority should rest in a committee, its members acting as trustees for the *faqih*.

In another move aimed at eliminating any threat to his authority, Khomeini disposed of the only other divine who enjoyed a large personal following, Ayatol-

lah Shariyatmadari. It was known that the Americans had been hoping to make use of Shariyatmadari. Khomeini visited him, showed him documents which had been found in the imperial archives, and in half an hour it was all over. Shariyatmadari disappeared from the scene.

But the delicate balancing act envisaged by the revolutionary arbiter did not work. What emerged was not a balance, but deadlock.

Bazargan, Khomeini's first choice for the premiership, was its first victim. He resigned in November 1979, and when I saw him soon afterwards and asked what had prompted his resignation, his answer consisted simply of two Arabic words — words which, like so many others, have become part of the Persian vocabulary: *mudakhalat* (interference) and *muzahamat* (crowding).

Bazargan always maintained that if he had been given five years he could have built up a strong party. The same sort of plea was heard from other old-guard politicians. But in a hurricane, who talks of five years of grace — or even of one?

As president, Bani-Sadr found that he was unable to appoint ministers of his choice, even though he was prepared to settle for control over only a few key posts, such as foreign affairs and economics. The mullahs' majority in the Majlis blocked all his nominations. In the end he had to accept as prime minister a man forced upon him by the mullahs, Mohammed Ali Rajai, whom he made no secret of thinking was totally unfitted for the job.

Another element in the equation which has emerged to make a balance between the revolutionary forces even harder to maintain is the students. They are particularly interesting because it is probably from among them that future political groupings and political leaders will emerge. They are, as I can testify, very idealistic, proud of having captured the attention of the world, but astonishingly naive about many things. They really seemed to think, when I spoke to them, that the whole of the rest of the Islamic world was looking to them for leadership.

Because of the intensity of their Islamic beliefs they have become allies of the majority of the Majlis, thus producing the paradox of mullahs and universities uniting against the so-called seculars, who might in any normal conditions be expected to provide the students with their natural leadership.

Another complication has been Khomeini's poor health. He is nearly eighty, and, after his return to Qom



Ayatollah Uzman Shariyatmadari sacked by Khomeini

and more than one heart attack, the energy he showed in exile weakened. It became impossible for him to concentrate for more than twenty minutes at a time.

Although all important questions continue to come to him for decision, his reactions are instinctive rather than thought out. He reads no reports. In the early days after his return to Qom he used to complain that every day he was being sent three reports — one from the Foreign Ministry about foreign security, one about internal affairs, and one on economic matters. He begged the officials in Tehran to stop sending them. "I never read them," he said.

In Qom there is no formal method of conducting business. The direct, personal relationship which Khomeini has maintained with the masses has rendered abortive all attempts at creating some sort of real political life in Iran.

Every morning his supporters come to him from all over Iran, in buses, taxis, any way they can manage. He greets them from the roof of his house, and has a brief dialogue with them.

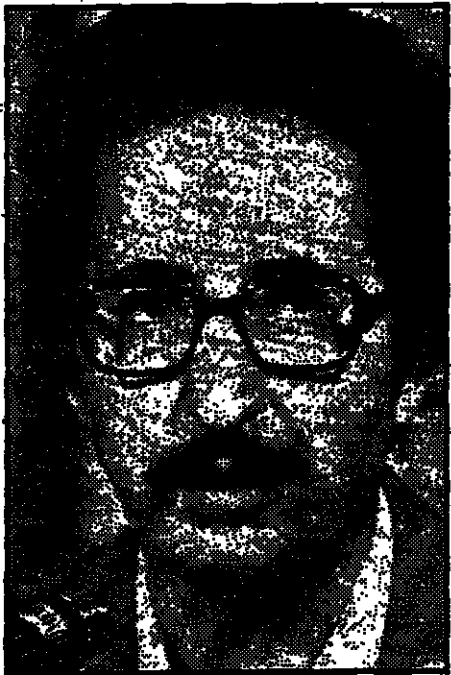
It would be too much to expect that all this adulation has had no effect — Khomeini is but human, after all — and one result of it has been to persuade him that the more formal machinery of government is relatively unimportant. Institutions, he thinks, can take their time, for what are they compared with the fact that he and the masses are in constant contact and understand each other? He is the Imam, and the Imam has returned to his people.

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The Return of the Ayatollah, from which these extracts are taken, is to be published by André Deutsch in November.

### Leading players in the power games



Ibrahim Yazdi, deputy prime minister: Illusion of power



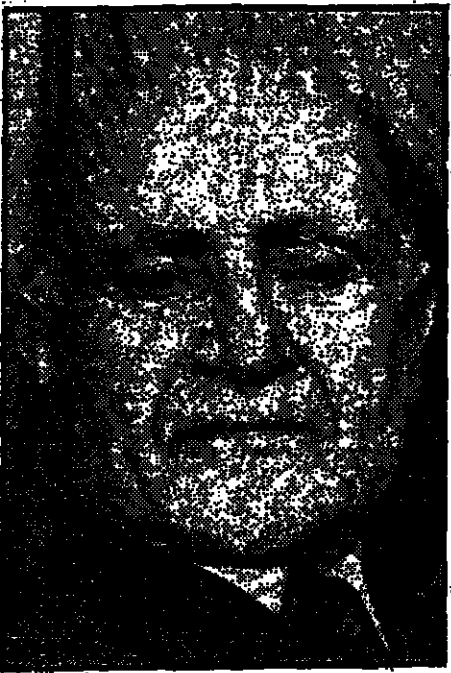
Bani-Sadr, Western-educated president: Out of step with Mullahs



Sadegh Qotbzadeh, foreign affairs minister: Dealt with internal enemies



Mohammad Ali Rajai, prime minister: Unsuitable, according to Bani-Sadr



Dr Mehdi Bazargan, first prime minister: Victim of deadlock



Khomeini, Mossadeq-era leftover: No power base

**Tomorrow:  
Iran  
after the Ayatollah**



## Theatre

## Jacobean romp in a less characterful environment

## Eastward Ho!

## Mermaid

The pleasure of once again heading a notice with the above address is somewhat qualified by seeing what they have done to the place during the last three years.

Those who remember Sir Bernard Miles's playhouse as a proud, free-standing building will now have to seek it out in the bowels of the Tobacco Remnant office block. The ample foyer has gone, and in its place there is more space on the auditorium level, including a long exhibition gallery suggesting the companionway of a ship. I am not convinced by the new arrangement. The Mermaid used to be a combined playhouse and pub. Now it is a theatre with two interval bars; the atmosphere is that of a long-established restaurant that has fallen into the hands of a chain of exterior.

The auditorium has been enlarged, with the result that it has lost its "one room" character. But the good news is that there is now a separate studio for the Mermaid Club, and the main stage has been extended to truly majestic dimensions, offering a noble instrument for the kind of virtuosic classicism to which this theatre has always aspired.

So far this remains no more than a promise. The opening show, a bungled musical adaptation of Jonson, Chapman and Marston's comedy, is more the kind of Jacobean festivity you would expect from the English department of a dinky football college in Mississippi. The line-up of contributors is impressive: lyrics by Howard Schuman, music by Nick Bicat and a company including Richard O'Brien and Clive Merrison. But from the moment the groups of citizens take up Melior's weathered timber setting and singing, at once the comedy is not going to take off. The text is accessible, feeding modern asides into the



Philip Sayer (left), Vivienne Ross, Anita Dobson and Richard O'Brien in *Eastward Ho!*

dialogue, carving out pretexts for songs (some of which even help the action along), but nobody has given any serious attention to the narrative. The set, for instance, does nothing to suggest a goldsmith's shop, a lawyer's office, a prison, or any of the other locations, except for the mudflats of Cuckolds' Haven where the bedraggled runaways are washed ashore in their frustrated attempt to escape to Virginia. All it really represents is Puddle Dock itself.

Performances, similarly, are so busy telegraphing generalities of honest toil, ceaseless ambition, that no individual character gets a chance to take shape, much less any coherent account of the fortunes of the play. You have to be very quick off the mark to spot why *Security*, the prodigal apprentice Quicksilver in his pursuit of a nightingale, and once the information has sunk in, there is no fun in watching how his schemes develop and misfire. No sooner have Jonson and Co. got into their stride, making a scene of Jacobean coney-catch than along come Mr

Schuman and Mr Bicat to puncture it with references to *Barbarian* and *Freud* and *Asiatic*, and off-stage Red Indian drumming.

A curious change begins to overtake the show after the fleeing males struggle ashore at the mudflats of Cuckolds' Haven. Then, encased in wig and satin trunks, emerges from the ooze in studded black leather; and, in so far as the production does then come to life, it is as the O'Brien's. Cast into prison after the failure of his schemes, O'Brien plays his trump card by leading a religious revival.

The virtuous Puritan citizens roll up to view this curiosity, to be confronted by O'Brien, arising sepulchral from a trap, bald and clad in sackcloth, to ascend to the pinnacle of the stage, to deliver a sermon. You would not expect the *Rocky Horror Show* to be a match for Jonson, but it is rather than nothing. Otherwise, the show will linger in a memory as a limp sequel to the Mermaid's first musical, better entitled *Lock Up Your Husbands*.

Irving Wardle

## Matching gifts from the gods

## Androcles and the Lion

## Regent's Park

Since Parliament cannot legislate the weather, and the Arts Council will not subsidize the Open Air Theatre in Regent's Park any longer, it seems that commercial subsidy is the way of the future. It certainly would be a mean if the Arts Council had judged the poor ticket sales of the past three summers as a reflection of the company's work when it was clearly a result of rain.

For instance, last summer the company tried something a little different with Bernard Shaw's *Androcles and the Lion*. The story of the Christian who pulled the thorn from a lion's paw and then met the lion in a friendly embrace when the Romans were expecting him to be devoured proved popular enough to bring about a revival this year, and the combination of good weather and good

reputation nearly filled the amphitheatre on the opening night. The pity is that the production is much less alive this season.

Now that might not be the fault of Ian Talbot's direction, although a crucial change in the settings and some understating among the actors could be his choices. There is, however, the likelihood that the abrupt withdrawal of funds by the Arts Council created problems in the programming and that even the generous gift of cash from the impresario Peter Saunders came too late to permit real success, even with the matching gift of this week's sunshine.

The production is still a playful idea, beginning in a normal enough fashion on the grassy stage itself with the meeting between Androcles and the lion, then on to the arrival of Christian prisoners on their way to the coliseum to amuse Caesar with their deaths. But last year the play continued as an extension of the interval, with spectators sipping their mulled wine in the bar area

while the Christians were tied to trees nearby, and the stylized identification of players with Romans was introduced.

That is lost this year, with the play continuing first in the car park and then resuming in the theatre, but without impact. There are decent performances, from Bill Boffery as a centurion, Gabrielle Drake as a clever doubting Christian and from Peter Spraggan as the violent and repentant Ferrovius, and many lines still sing with wit, but there is much less characterization in general, perhaps lost in the movement.

My doubts about the communal hymn-singing and Shaw's intentions remain, but the extra movement clearly provides less temptation for participation, and many less people were singing this year. Still, it is as pleasant a place to see a play on a good evening as Britain provides and it deserves to have its next year assured. Since there are always a few 747s overhead, perhaps Boeing could underwrite it now.

Ned Chaillet

## Dance

## Desirable filling

## Ballet Stars of America

## Sadler's Wells

If the American dancers at Sadler's Wells have a ha'porth of sense, Wells has a ha'porth of sense after its bad beginning. All that is needed is to put Tudor's *Sunflowers*, the one good work from their opening bill, between the first and last thirds of Tuesday night's second programme. The result will not be great, but it will be an entertaining show which they could play for the rest of the week.

One advantage would be that it would show the performers at their best, which is not when they are out to prove themselves as a group of friends taking pleasure in their work.

A consequence of my proposal would be the loss of Tuesday night's centrepiece, *Desire*, and the sooner the better. Why anyone should want to turn an O'Neill play into dance, I cannot imagine; simplifying the plot of this one seems to have given Dutch Christy's production a professional, as always, and the three dancers years or grope solemnly, but the result is boring, redeemed only by Alun Hoddinott's music, an agitated quiet for strings, flute and clarinet. Reinquishing that ballet, Martine van Hamel would still have three roles: all tute numbers, all tute numbers, all tute numbers. She might try the effect of a little less earnestness.

John Percival

## Concert

## London Sinfonietta

## Queen Elizabeth Hall

The breezy spirit of "Armistice Music" blows with irresistible good cheer through the London Sinfonietta's first *Kammermusik* which on Tuesday closed the series of concerts devoted to his works of that name. "1921: Armistice" is the subtitle of the final, which scurries furiously through backstreets lined with dancehalls and nightclubs from which here an accordion, there a foxtrox is heard, eventually to be halted by a deafening police siren.

What a bright spark young Hindemith was, and with a really interesting, adventurous mind. The first movement opens with a series of staccato, rather Spanish dance-rhythms, the Armistice mood at its most irresponsible, you might think, except that, like the finale, the music is crafted with a brilliant, imaginative series of meditations on a bluesy song of his, played on the piano while the conductor (Oliver Knussen, calmly authoritative) takes his place. It has current motives and improvisations, but a sense of variety of pace and mood, before finally settling into cool jazz dialogue.

William Mann

## Soul music

## Randy Crawford

## Hammersmith Odeon

Although her flustered patter made it plain that she was feeling under the weather, Randy Crawford gave a performance on Tuesday night which provided further confirmation of her ascent to the ranks of the genuinely great female soul singers.

In an overcrowded field of aspirants, she has the gift of evoking her predecessors while achieving a wholly convincing originality. Hints of the bitter sexuality of Dinah Washington, the ethereal girliness of Minnie Riperton and the interpretive intelligence of Candie Stone are moulded into a sound and style which are completely her own.

Interestingly, there is almost no trace whatsoever of her professed idol, Aretha Franklin; in fact she is one of the few gospel-reared singers of her generation to avoid the easy option of spurious raucousness, and she shows this in her unusual willingness to sing half a dozen consecutive lines

without raising her voice. This makes her the ideal interpreter of such well-crafted songs as Tony Joe White's "Rainy Night in Georgia" and Percy Mayfield's "River's Invitation"; the latter, a suicidal blues, also proves her capable of stepping outside her normal sunny character.

"Rainy Night in Georgia", a hit for Brook Benton in 1970, comes from her new album, *Secret Combination*, so does her fine version of Baby Watson's 1963 tune "That's How Heartaches are Made", and the excellence of this pair prompted the thought that she is capable of tackling any item from the classic soul repertoire. Perhaps this might provide a cue for some future project.

The only danger comes, I think, in the lightweight nature of some of the newer songs which she chooses. These veer towards that brand of frothy Hollywood soft-soul in which glossy arrangements distract attention from clichéd melodies, lyrics and harmonic movement. Given sound advice in this area, her lasting eminence seems assured.

Richard Williams

## London debuts

## Idiomatic tension

Formed in 1972, the Eder Quartet are a mature group above all with regard to the naturalness of their ensemble playing and the depth of their interpretations. Vital rhythm and a smooth, glowing collective sound do not often go together but were both prominent in Haydn's op 76 no 4. Bartók's no 4, also, received a beautifully idiomatic performance, tense and flowing, at once harsh and deft. György Kurtág's no 1, dating from 1959, was an ingeniously put together sequence of more or less violent post-Weberian gestures, immaculately played. A Hungarian accent, even an affinity with Bartók, gradually became evident, however.

Kathleen Winkler's account of the Mozart Violin Sonata K305 was vigorous and balanced with the qualities of each variation in the Andante clearly delineated. Richard Strauss's Sonata op 18 is an unmemorable work yet it moves as confidently as the Mozart. The performance confirmed Miss Winkler's expressive tone and ease of execution, and both she and her pianist, Deborah Berman, responded well to the music's large scale. Beethoven's Sonata op 12 no 1 also had a thoroughly considered interpretation, and Wieniawski's *Legende* op 17 was done with due virtuosity and dramatic conviction. The Sarasate *Zigeunerweisen* op 20, also, were thrown off with impressive fire and elegance.

There seems little point in reviving Karl Goldmark's piano music, a large selection of which began Erika Lux's recital. Offering nothing better than nineteenth-century academicism, these pieces were a disappointment in comparison with his charming *Russian Wedding Symphony*. Nor did a Dohnányi group make a significant musical impression. In

them all, however, Miss Lux displayed the sort of virtuosity associated with the best products of the Budapest Liszt Academy. Her tone was particularly beautiful in *Sonetto 123 del Petrarca*, while other Liszt items such as "Uit-Sopra" and "La Leggerezza" were projected with impetuous abandon, as if to the manner born.

Christopher Axworthy and Mira Herrera offered a generally stolid programme, and such comment is not intended as a confirmation of the disadvantages traditionally associated with four hands at one piano. They were fluent in Schubert's *Lebensstunde* D947, with a late work, yet their interpretation was impersonal. Brahms's Schumann Variations op 23 were the same, being accomplished but without specific identity in Schubert's Fantasy D940. Likewise, the magical first theme of Schubert's *Impromptu* in A-flat major, op 90 no 3, was played with a flatness that was too businesslike for these fairytales.

One never anticipated Varese's "Density 21.5" and Dohnányi's *Pastorale* sounding like the sort of solo work one might expect from a homogenizing medium. Nor was there much to distinguish Jenev's *Soliloquium*, from Lang's *Dramma Breve*. Though the latter had a variety of emphases, it was a long piece like the Dohnányi, István Mészáros, an excellent performer; but it did seem presumptuous to fill most of an evening with an unaccompanied flute's pale tones. To close each half was joined by Erika Lux at the piano, but the sound and fury of one of their duos, Hellewell's *Metamorphosis*, appeared to signify nothing whatever.

Max Harrison

## Galleries

## Hidden masterpieces on show at last

## Rodin

## National Gallery Washington, DC

This splendid exhibition is a revelation. Mention Rodin, and one thinks of a monumental bronze, *Burghers of Calais*, *Balzac*, *The Gates of Hell*, of which *The Kiss* and *The Thinker* are parts. But there is a great store of other treasures in the attic and outposts of the Musée Rodin, in the Hôtel Biron in Paris, and in Meudon. There are more than 4,000 drawings, innumerable plaster models of works that were never cast in bronze, photographs of Rodin himself and his work in progress, some of them heavily annotated by the sculptor to guide his hand later.

The Washington exhibition, put together by a large team of experts, includes a selection of Rodin's masterpieces. The bronzes are there, of course, including a new casting of *The Gates of Hell* and a large selection of his various parts. They are very handsome, and very familiar. Most of the big pieces can be seen in other galleries, in New York, Washington and Philadelphia as well as in Paris, where Balzac stands on a traffic island. The prize of the exhibition is the number of objects that have never been seen before.

Rodin was a skilled draughtsman, whose sketches have a considerable artistic merit in themselves and a great interest in how they worked. He made hundreds of sketches of girls without looking at the paper, and also sketched them in clay, rapidly pressing rolls of clay into the shapes he saw.



*Torse of Adele* (bronze, plaster dated 1882)

There are many of both series in the exhibition.

There is a series of photographs of Rodin in his studio, many of which are very handsome, and many of which have never been exhibited before, many of them early states of his most famous sculptures. It is possible to see how early in his career he started carving fragments of bodies, a practice that was one of his chief contributions to the sculptors who followed him.

The exhibition ends with a demonstration of that point, a room full of works by others, including Picasso, Brancusi, (who once worked at Meudon), Lipchitz, Mollot and Epstein, who learnt from Rodin and followed directly in his footsteps. However often they denounced "pre-modern" art.

That is the end: the beginning of the exhibition makes the opposite point, in a re-creation of a sculpture-salon of the 1870s. It is a very handsome room, filled with shimmering marble and bronze among which the three works by Rodin blaze forth, with genius, indeed, but also part of the same tradition.

The new east building of the Washington National Gallery opened three years ago, is filled with Rodin's works, which will be on show until the end of January, 1982. There is a magnificent catalogue, edited by Professor Eisen, containing scholarly essays on every aspect of Rodin's work. The exhibition was laid out with spectacular success, by Gaillard Raveland, Mark Leichner and Elroy Queiroz.

Patrick Brogan

## Interview: Paul Eddington

## A test of the big match temperament

An air of considerable tension, even by the standards, hangs over that theatre production of *Who's Afraid of Virginia Woolf?* which opens at the Lyttelton tomorrow. Its director Nancy Meckler, is both female and fringe-trained, an unusual indeed unique double for the Lyttelton, while its stars Joan Plowright, making her first appearance in the new building and her first return to the company since her husband departed as its director seven years ago, and Paul Eddington, who last played a major classical stage role eight years ago and then at the Bristol Old Vic. Add to that the news that the cast (which also includes David Schofield from *The Elephant Man* as Nick) were strangers to each other until rehearsals began, that the author, Edward Albee, has been hovering in a supervisory capacity over the first London revival of his major work in almost twenty years, and that the production has already closed the Theatre Royal Bath, and it may begin to seem a distinctly fraught proposition.

In which case it needs to be rapidly added that they were queuing for returns around the Bath theatre (which was being closed for a two-year rebuilding programme) and that the word from there is one of distinct optimism. True, those queues may well have had as much to do with Mr Eddington's new-found fame as the ineffably innocent Jim Hanks in BBC Television's *Yes, Minister* as with a residual theatrical respect for Mr Albee or even Miss Plowright; but it needs also to be recalled that Eddington was, after Patrick McGowan, the first British actor to play *Ibsen's Brand* in living memory and that his stage origins were deep in classical repertory in the regions before *The Good Life* made him a cornerstone of the starriest situation-comedy quartet this country has known.

Eddington is currently (like his former *Good Life* wife Penelope Keith) a very hot stage property indeed, and there are remarkably few comedies currently playing in the West End which were not offered to him before their present incumbents. But his London Theatre debut can, he reckons, be traced back to one night at the Apollo where he was playing last year in a long-running though not especially distinguished comedy called *Middle-Age Spread*.

"Rather to my surprise Mike Rudman, who runs the Lyttelton and whom I'd worked for in *Donkey's Years* at the Globe, came backstage to see me. I think he was already looking for a George in Virginia Woolf, and if for instance Toby Belch can be said to be the thumbnail sketch for Falstaff then I think maybe the character I was

playing then had something of George in him. Mind you I'd never been asked to play it before, any idea what was really involved. Can you imagine what it is like for an actor whose recent experience has been in half-hour comedies for television to reach a point in a play where you have been on stage and talking for the best part of two and a half hours and you're only at the beginning of Act III with an hour still to go? It's like a Wimbledon final in which you've lost the first two sets and realize there are three to go and you have to win them all. You need a match temperament."

The chances are however that Eddington has it; born in London 54 years ago, he came from a family of Quaker cobblers.

"Father escaped the family business, survived four years in the trenches and then became an additive gambler; mother ran a sort of salon in Hampstead until the gambling used up all the money, whereupon she took to managing a series of very good restaurants. I was an only son, brought up at Quaker schools which were rather spartan. It never seemed to occur to any of our teachers that there was such a thing as university, so when I was 17 I decided to go into commercial art because I liked the idea of being an artist and the idea of making a lot of money and that

seemed the only way to combine the two ambitions.

In the event, all it got him was a job as a glass dresser at Lewis's in Birmingham.

"I've never admitted to that job before, but looking back on it I do think perhaps that window displays are the poor man's theatre, sets for people who can't afford to go to plays. They ought to get reviews and awards the way that stage designs do. But Lewis's was a very feudal establishment and I didn't care for it much, so I was already looking around for an escape when to my amazement I heard that a girl I knew had been to this co-educational Quaker school who had been accepted for RADA and was going to become an actress.

"That was a real Damascus-road revelation; it had never occurred to me that people like us could become actors. At the moment I heard I knew that three feet of concrete couldn't keep me out of the theatre. I joined the best local amateur group I could find, which wasn't difficult at the time because a lot of older men were away at the war, and after a while one of the very few heterosexuals in the company took me on one side and told me that at 17 I was old enough to join ENSA, so I went up to Drury Lane where they thrust a script of *George and Margaret* into my hand and told me to read George opposite a bearded



man who would be Margaret. They seemed to like that, and I was told to report the following Monday to the Garrison Theatre, Colchester, as an assistant stage manager."

Eddington did well at Colchester ("For the first and last time in my professional career I did an audition which actually

led to the job I was after") but was soon summarily dismissed. Being a good Quaker-educated boy he was also of course a conscientious objector, and ENSA being a quasi-military operation took the discovery badly. Eventually, however, towards the end of 1946 he got himself into the Birmingham

Rep at a time when their resources were somewhat stretched by having also to service Stratford, and since then he has only once had a period of more than six weeks out of work.

"If my blood wasn't already frozen at the prospect of the first night this week I think I'd go into still deeper shock at the realization that because of the repertoire system, which is new to me, we often only play two nights a week and in August and September there are whole fortnights without a performance. I've never going to be a film star, since I've made only two wide-screen appearances and one of those was in the first-ever airline disaster movie when I had to say to Lana Morris as I crashed 'We should have gone down earlier.' The censors reckoned they should have gone that way too."

Sheridan Morley

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I think  
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I ever  
had...

## Oh for a really good shortage

Even a professional pessimist finds it difficult to enjoy these troubled times. In fact, the only glimmer of hope recently was the picture I saw of housewives actually queuing up to look at a shop in Liverpool.

It made me realize that even when the country is going to the dogs the English insist on taking their pleasures seriously. It proves what I have long suspected: this country likes having a hard time.

I tell you, my friends... what this country needs is... more austerity. Drastic measures are called for if we are to avoid chaos. My theory is that the English enjoy nothing so much as a bit of shortage and hardship. Give them half a loaf and two hours to queue for it and they will kiss your feet with gratitude. Remember the last war and the innocent pleasure it brought to many people?

Shop assistants could sigh and say: "No, we don't have that. Sorry—we can't get that any more. No—we can't wrap that. There's a war on...." And a deep smile would creep over their faces as they turned away to knit their balconies helmets.

Remember the three-day week? We could all go to bed early without feeling that we were missing some wonderful party somewhere. We could share our hot water with our loved ones and not appear stingy. We could indulge our national penchant for masochism—and feel terribly useful and patriotic at the same time.

### A memory of fish paste

Who wants to lie back in the hot sun? Not us. Who wants to eat as much as we like? Not us. All that affluence that foreigners enjoy does not really suit the English soul. We like a hotel that chafed half an hour before we arrived. We like a sandwich that has nothing in it but a memory of cucumber and fish paste. Do you know of any other civilized country on earth that produces (and actually eats) fish paste? Well, then, that proves my point. Fish paste is not a food—it is a digestive stigma.

What I propose is quite simple. Instead of Mrs Thatcher trying to improve our lot (and, poor soul, she tries), she should make it grimmer for us all. Bring back rationing. Let us have only two ounces of sweets a week. And one egg. Bliss—no choices about what to have for lunch. Bring back snook and spam. Bring back a restaurant and there is only one course: food in the hole, preferably made with powdered egg.

And a decent dollop of queue to go with it. Remember the fun you had queuing for coupons during the war? Bring back rationing. Sorry—sorry. As in, Sorry—no candles. Sorry—sold out. Sorry—no brown paper. Ration petrol so that only doctors and civil servants can use their cars. That's the way to put this country back on its feet again.

Mel Calman

# Race and the mischief-makers

Ronald Butt suggests a new line of inquiry for Lord Scarman

The Scarman inquiry will have its work cut out if, as it now intends, it covers not only the riots at Brixton but the violence at Southall, Toxteth (which seems to be in a somewhat different category from the rest) and Manchester. For logic dictates that it should also look at Wood Green and any other location as yet unknown where young blacks, instructed that they are discriminated against, oppressed and denied work by a racist society, and are misused and persecuted by the police, stage future disturbances.

It may not be easy for the inquiry to keep up with the events that this summer's fashion may determine, but it is likely to be even harder for Lord Scarman to break through the stereotyped modes of thought which now govern public discussion of these matters.

In particular, he will not find it easy to give a cool appraisal to the assumption that, although the immediate culprits in these riots have, for the most part, been black, it is really white society (by which is meant the English majority), that is to blame.

This assumption, which is itself essentially racist, is fostered not only by too many spokesmen for the minorities but, worse still, by many of those who are involved in what are euphemistically called race relations.

Thus at Brixton in the spring of last year, the police were too often excused on the grounds that they were the consequence of maladroitness by the police on standing firm by the letter of the law (over drugs, for instance) and failing to take account of the cultural patterns of ethnic minorities which, somehow, seemed to be supposed, should condition the application of the law.

It was repeatedly argued that, in the interests of race relations, charges should not be brought, or that they should be dropped; in other words, that the law of the realm should be subservient to the supposed interest of a minority. Now, after Brixton, the persistent cry is that the cause was white racism and unemployment.

A number of television programmes have also persistently revealed an in-built assumption that white society is guilty, acting as a platform for extremist spokesmen for the so-called ethnic communities. In a BBC television programme called *Heart of the Matter* on May 17, presented by Mr Peter

France, the Deptford fire was discussed in precisely these terms. Mr France set the tone in almost his opening words. "The tragedy... was widely felt to be a black tragedy. It was a black party, black children had died; and so, although there may have been a compassion generated in the wider white community for a few days when the news first broke, it was a distant compassion and it was soon forgotten...."

Are these not loaded words? Do we not all find, since life must go on, that after the first shock of compassion when we read of a public tragedy, we cannot go on feeling dominated by it? Would it not have been the same if the young people were white? In the programme, indignation was expressed that Mrs Thatcher had sent a telegram to the Irish Prime Minister, when 40 Irish children died in a fire, and did not do so to Deptford, but was not this simply a matter of numbers? It may be illogical that heads of government send telegrams according to the numerical size of a tragedy, but that for practical reasons is what they have to do, which is why they send telegrams on earthquakes and air disasters. Nobody pointed this out.

In the same programme, Mr Dariusz Howa, of the so-called Massacre Action Committee, after declaring that it would have been very different if they had been "13 kids from Eton and Harrow", said the black community had been living in a state of apprehension for the past five years, expecting a disaster, "and so," he said, "on first hearing of the fire, we were absolutely sure... that it was a West Indian party and that it was another example of the attacks we had undergone in the past five years."

Mr France did no more than comment mildly that it was "somewhat odd" to prejudice the matter in this way, but to Mr Howa it was not prejudice but rather that the blacks had come with a point of view which could have been altered if official society had provided us with evidence to the contrary. In other words, white society is guilty unless it can prove itself innocent.

An even more amazing programme, *Where It Matters*, was staged at Bradford by Yorkshire Television and broadcast nationally on June 9. The audience was overwhelmingly militant-black; there was a near riot beforehand and the programme had to be severely

edited. A Government minister, Lord Belstead, was present and an MP, Mr Nicholas Winterton.

Rational discussion was impossible. According to Mr Winterton, "the audience had been rigged by the unsupervised circulation of tickets so that the overwhelming impression was an audience of incommensurate views."

When one mild Asian present suggested that community relations would be better if people were left alone and that the militants were stirring up trouble, two members of the audience advanced threateningly on him. A "race relations" spokesman with an American accent raved on about racism. But the most significant element was the assumptions of Mr Desmond Wilcox, the chairman.

Referring to the Nationality Bill, Mr Wilcox asked, "Does this Bill renege on the promise to give a second class citizenship?" Since the Bill is not concerned with people living here that is clearly not what it does, whatever other criticisms may be levelled against it. On another occasion he asked: "Why should the majority of people in this hall be seen as a threat to the British way of life?" Finally, (though if space allowed I could fill the page) the very first question that naturally occurred to an ITV newsman the other day after a proposal by the British Medical Association to limit the number of doctors coming to Britain was: "wasn't that racism?" The answering doctor, who happened to be Indian, answered that it applied as much to a white doctor from Australia as a brown doctor from India or a black doctor from Nigeria.

The Scarman inquiry should surely look not only at the economic background of the riots and the behaviour of the police, but at what part is played in all this by the wide range of race relations bodies, ranging from the most reputable who nevertheless constantly harp on the disadvantage of the immigrants, relating it to colour-discrimination rather than to the natural difficulties that immigrants anywhere always inevitably face, to much less reputable local bodies which fuel discontent instead of calming it.

It should also look at those organizations which, sometimes with the support of educational bodies, peddle, even in the classroom, black hatred for white society. They should call for documents and papers and look at the broadsheets. There are plenty available. In the long run, the greatest danger

for race relations is not from the neo-Nazis and skinheads but from the prospect that the vast majority of ordinary decent people will become utterly resentful of being stigmatized as a "racist white society".

They have to live with a problem not of their making as a result of which vast areas of their cities have been changed beyond recognition. They are constantly reminded that the newcomers were invited here, which was true of the first hundreds of thousands, but they also remember that when the numbers became large as to make some restrictions sensible to avoid the very trouble we now have, every effort to do so was bitterly fought in and out of Parliament as "racist".

This fight was conducted by passionate and highly skilled pressure groups conditioning media reactions, and they have done their work well. We now live with the consequences, and of course the newer communities, inevitably tending to be disadvantaged by fewer qualifications, suffer most from unemployment.

Nobody would dispute that unemployment is a tragedy for young blacks as it is for whites, though it would be foolish for the Government to panic into reversing policies which if they are true they will benefit all.

But most important is that we should cease to put into the "dock" the great majority of British people who did not want this problem to arise, whose wishes were ignored, and who have accepted very good genuine changes which on any reckoning have been a major challenge in many areas of the country to their own sense of identity.

They are now stigmatized as a "racist society", whose words and books are scrutinized for hidden meanings while the violence of the few is excused as the "inevitable" consequence of social conditions, as though human beings had no choice in these matters and almost as though a black (or a white?) unemployed youth who turns violent is hardly to be blamed. The danger is of course that white society will be fundamentally alienated—and everyone can think out the consequences of that for himself.

I hope that Lord Scarman will investigate the mischief-makers and even the attitudes of the "do-gooders", of whom Mrs Thatcher has a West Indian mother, spoke as sensibly in *The Times* recently. After all, she can hardly be accused of being a racist.



The tranquillity of Iona, one of the islands owned by the National Trust of Scotland.

## The saving of Scotland

Today the Queen will open a special exhibition at the Royal Scottish Museum, Edinburgh, to mark the 50th anniversary of the National Trust for Scotland. Her visit will focus attention upon a remarkable body which on occasion confused with its English counterpart, and whose achievements have received less than due recognition outside Scotland itself.

Since its foundation in the depths of the Depression, the Trust has acquired "in perpetuity" an astonishing variety of properties. They range from huge tracts of wilderness to tiny cottages and include the monasteries of Glenlee and Kinnaird; the islands of St Kilda, Iona, Fair Isle and Canna; the battlefields of Culloden and Bannockburn; the largest urban park in Britain, and arguably its loveliest castle and finest Georgian terrace.

Its existence as a separate body is largely attributable to English neglect. Although the National Trust in London was founded in 1895, with implicit powers to acquire properties anywhere in the British Isles, it ignored everything north of the border. To be fair, the threat to the countryside and to historic buildings from population growth and urban sprawl was far greater in England. Outside the central lowlands, the wild spaces of Scotland were thought to be secure.

But whether or not the countryside was safe from development, ancient buildings were very definitely at risk from neglect and decay. It was left to the then Marquess of Bute to compile lists of those which he thought should be preserved and, where necessary, restored, and to awaken the concern of his fellow countrymen.

The Trust's initial capital was £1,500, almost half of which was spent on the first purchase, the Palace of Collieston, one of the ancient Royal Burghs of Fife which was then in acute decline. It now owns a large part of the town, which it can claim not merely to have renovated physically but revived economically.

At the opposite end of the scale was the purchase of the spectacular and romantic peaks and valleys of Glencoe. The initiative came from Percy Unwin, president of the Scottish Mountaineering Club and later commemorated as "the man who bought mountains". Its significance was compounded by the fact that so

much of Scotland was, and still is, divided into huge privately owned estates from many of which the public was rigorously excluded. Another notable landmark was the conservation agreement made to protect the 1,100 acres of Collock in Glasgow, an invaluable oasis in the urban wilderness of Clydeside.

After the war the Trust's counterpart, was increasingly drawn to the plight of country houses whose owners could no longer afford to maintain them. Its boldest venture was the acceptance of the glorious castle of Culzean, Robert Adam's masterpiece on the cliffs of Ayrshire. Not one penny was available in endowment.

"It was the most foolhardy thing we could have done," says Mr Jamie Stormont, the present director. "But in popular terms it has proved our single greatest success."

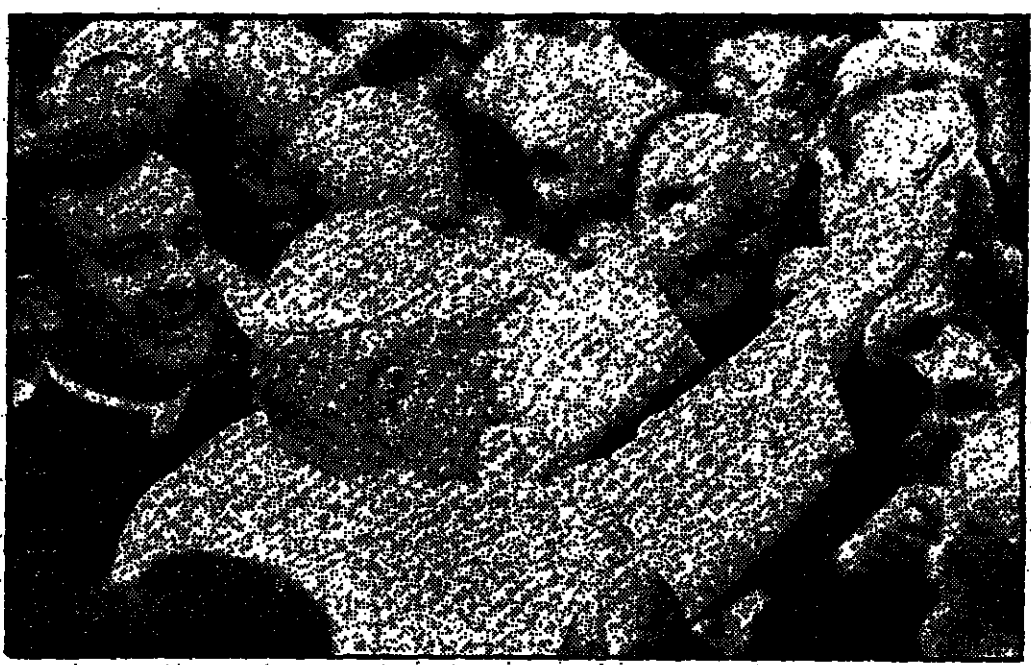
It was not only large buildings which occupied the Trust's attention. There was also the problem of the "little houses", often whole streets of terraced cottages which were decaying and frequently abandoned. With some qualms, the thought of being accused of property speculation, it began buying, restoring and reselling houses to those who were prepared not after or deface them. With a revolving fund of £100,000, it reckons to have put some £2,500,000 worth of property on the market, and the scheme won a European Architectural Heritage Year award.

The remote Atlantic island of St Kilda, controversially evacuated in 1930 and now the site of a missile tracking station would have been "murdered" by the Ministry of Defence, had it not been for the Trust's protection, Mr Stormont Darling claims.

He is reluctant to draw comparisons with the English Trust, modestly pointing out that it is only a tenth of the size in terms of membership and the value of its possessions. But perhaps because it is smaller and more centralized, it seems in some ways to be more dynamic.

"I am constantly thrilled by the way we work," Mr Stormont Darling says. "We have no rules. We just have to open our heads and our independence. Every year we say we must consolidate, but we never have."

John Young  
Planning Reporter



## Italy's absent friend

the role he handled with least assurance. Characteristically, his message to the Italian bishops was to show more courage and make their voices heard. This was difficult advice to follow—in some ways impossible without drastic changes.

There are still 300 bishops, despite cuts and the amalgamation of some smaller dioceses, and this is far too many to expect a unified voice. On the abortion issue a group of bishops was against calling a referendum at all.

The argument of this minority was that the church should not encourage a vote on a basic principle, and that it had no business at all calling for a vote on a piece of national legislation. This view was shared by the chairman of

the national conference of bishops, Cardinal Ballestrero, the Archbishop of Turin.

He is not, however, the type to impose himself strongly on his fellow bishops. He is a Carmelite, used to an ascetic life rather than laying down lines of policy, and he has the drawback of possessing a wry sense of humour which confuses and even annoys some on the bench.

The chairman of the conference, like the secretary, is a papal appointee. Because of the papal primacy, Italy's bishops cannot choose their own representatives, though it is known that the Pope tried to give them the chairman they preferred. This dependence on the papacy means that the Italian bishops are much more diffident than bishops elsewhere about taking initiatives of their own.

Apart from there being too many of them to have a corporate spirit, they have to deal with another phenomenon much more directly than do other bishops, and that is the Roman Curia. This is particularly true of the Rome diocese, but it is also a factor throughout the country. Even when he is not at full strength the Pope is too busy to handle all Italy's problems personally, and so the Vatican's administrative machinery, always ready to fill a gap becomes a factor in relations between the Primate and his bishops.

In the Rome diocese, there was a feeling that progress had been made toward greater personal contact with the Pope and less with the Curia. That, however, has gone again; at least for the Pope's period of inactivity, and the diocese is

back to dealing with the secretary of state.

The issue is a much bigger one than formal relations between the bishops and their august Primate. The referendum showed that Catholics are a minority, and according to a Rome auxiliary bishop the figure of a third is highly optimistic as the real proportion of practising Catholics.

In Rome practising churchgoers are about 15 per cent of the population, despite the fact that the Pope is still John Paul II, put into visiting the parishes in his diocese.

At the same time the revival of religion, which is undoubtedly taking place, is a difficult mixture for the bishops to handle. There are new attempts at using the church to regain political leadership for the Catholics. When it is remembered that the real change in Italian affairs after the war was the emergence for the first time since Italy became a nation, of a government led by the Catholics, the church clearly has a lot to lose.

The Pope has given a new sense of confidence, especially to young people. He has had a different effect collectively, the bishops. At first they appeared overwhelmed by his unfamiliar and formidable personality in their midst.

From being leaderless among themselves, and used under Paul VI to a Primate who managed them with mainly through his imperious secretariat, they were presented with a super-leader who told them to be courageous while bewildering them with frightening magnificence, to say nothing of doctrinal severity.

And now that Primate for the moment, has left them. But there is no sign that his absence is taken as leaving the field clearer for fresh approaches to the confused state of religion in the country.

Peter Nichols

## "Is this," I teased, "the acceptable face of innovation?"

I was surprised to see a quartz watch made by Audemars Piguet. That they had, for once, forsaken the dedicated craftsmanship of the traditional movement for the wizardry of electronics.

But when I examined it more closely, I could see that this was no ordinary quartz watch. The slimmest of the shimmering case, the fine workmanship, the delicacy of design were unmistakably the handiwork of Audemars Piguet.

He glanced benevolently over the half moons of his spectacles. "Even for us," he said, "time doesn't stand still."



**Audemars Piguet**

Illustrated brochure and a list of appointed jewellers is available from Audemars Piguet, 67 Saffron Hill, London EC3N 8RS.

## Princess gets a union call for help

Staff of the Richmond Fellowship, which administers 29 half-way houses for ex-psychiatric patients, are seeking a meeting with Princess Alexandra, the charity's patron, to explain their grievances with the management.

They say they are tired of trying to persuade the management to recognize the National Union of Public Employees as their negotiating body in discussions on pay and conditions. They accuse some officials of "undemocratic" behaviour and failing to give them adequate support in what is often a difficult and stressful job.

On pay, the union claims that many workers in the Fellowship's residential and therapeutic communities get up to 30 per cent less than their local authority equivalents. Mr. Casimir, the Fellowship's administrator, says the pay gap is steadily being narrowed. When supplements for long service and special skills are taken into account, "a very different picture" emerges. As a charity, he said, the Fellowship has a limited income, especially in the present recession.

Mr Casimir said he was surprised that the matter should have been made public when the staff were still considering the recommendations of a working party which suggested the creation of a "fully representative" staff group to negotiate pay and conditions annually. NUPGE members, however, remain unimpressed by what they feel is bound to be a toothless body.

Meanwhile they hope their letter to Princess Alexandra will get things moving their way.

## THE TIMES DIARY



**Nancy Reagan**, first lady of America, celebrated her 58th birthday on Monday. Well, it's a woman's prerogative to lose a year or two. She is, in fact, 60. The official New York City record of births for 1921 lists her under her real name, Anne Frances Robbins, born on July 6 in Manhattan, birth certificate number 32579. No Robbins was born in New York on July 6 1923. The birth certificate is with the New York City Department of Health and can be seen only with Mrs Reagan's permission or by members of

her immediate family. A spokesman for the genealogy department of the New York City library, which houses birth and death records, said: "We have known about her real age for months."

Nancy's second cousin, Kathleen Young, says: "Nancy is four years older than me. I remember staying with her and her mother and step-father in Chicago when I was 12 and she was 16. I'm 56."

Nancy's spokeswoman, Sheila Tuttle, said yesterday: "It's definitely 1923." The White House deputy press secretary, Larry Speakes, was non-committal. Asked if it was her 58th birthday, he said: "She says it is."

## Hons and medals

Badges for everyone at the opening of *The Mifford Girls*, a musical tribute to those six extraordinary sisters, at the Chichester Festival Theatre last night.

Ned Sherrin, who used to live next door to me and wrote the production with Caryl Brahms, says that every member of the cast has been presented with a badge. According to the words "I am a Mifford Girl". But in case the four surviving sisters, Deborah, Pamela, Jessica and Diana, feel there is any danger of mistaken identity, Sherrin has had four badges cast especially for them, bearing the inscription: "I really am a Mifford Girl."

Should the Duke of Devonshire, Deborah's husband, feel forgotten—he enjoys going, see *Angie For Dennis* because for once, he, rather than the ubiquitous Miffords, gets a

mention—the Duchess has suggested a special one-off badge: "I am married to a Mifford Girl."

My own choice would be rather long for a lapel badge. It would read: "I am a Mifford Girl: I was wrong about Hitler, wrong about prisons, wrong about snobbery—in fact, wrong about everything. And still they concoct shows about me."

## Well buttered

The Chinese, it seems, are among the world's most assiduous flatterers. Last week I mentioned the Chinese custom of asking someone "What is your glorious age?" Now I hear from Jeremy Geelan, editor of *Logophile* magazine, that a Chinese economics journal couches its rejection slips as follows:

"We have read your manuscript with boundless delight. If we were to publish your paper it would be



impossible for us to publish any work of a lower standard. As it is unthinkable that we should publish a work of this quality, we are, to our regret, compelled to return your divine composition, and to beg you a thousand times to overlook our short sight and timidity."

If I believe that I'll believe anything but I think this story from Peter Hayward about a journey to work on the London Underground, filled with the usual mix of office workers when two young men whom I took to be gasfitters or plumbers from the bags they were carrying, got on and stood by the door. One looked slowly and malevolently around, scowling. Then, in a loud voice, he

said to his colleague: "If I had a machine gun, I'd shoot all of them."

"Except for me," he said. "I'm a gasfitter."

Jean Syed of Tewkesbury recalls another incident in a train, when she was 28. "I was travelling alone on a non-corridor suburban train in south London. At one station a number of schoolchildren got on. Two boys aged about eleven came into my carriage and leant out of the window, calling to their friends: 'This one's inhabited'. As the train moved out I remarked that I wasn't actually a wild beast or an ogre. 'Oh', answered one boy quickly, 'I didn't see you were a lady; I thought you were a girl!'"

The winner is Anne Ducker, of Lambeth. She says that when Marlene Dietrich complained to a photographer that pictures he had taken of her were below his former standard, he replied: "Well, I'm ten years older than when I first photographed you, Miss Dietrich." Irresistible.

John Young  
Planning Reporter

## Eye and ear

Plans are in hand to bring some of the most tasteful and scurrilous humour on record together in a new double album to coincide with the 20th anniversary of Private Eye this October. Material from all 11 of the magazine's give-away flimsy discs will be included as well as items from earlier commercial Eye records.

Addicts will be sickened to hear that the album will include some new sketches which were originally considered too offensive to press. I understand that one of the worst involves Peter Cook in a not unfamiliar role as a homosexual, discussing his liaisons with famous politicians over the past 25 years. Very funny, very rude and, if you take it seriously, very libellous.

Peter Watson





P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

## CARRINGTON'S EACH-WAY BET

It is disappointing but not surprising that the European Community's initiative on Afghanistan has received a dusty answer in Moscow. There was never a chance that the Russians would show any signs of serious interest at this stage. It is not in their nature to grasp warmly at proposals from the west. They circle warily, sniffing suspiciously for hidden traps, turning over their own slow thoughts on the matter, and meanwhile stalling on all fronts. Therefore their answer so far tells us nothing about whether there are any prospects for progress.

Perhaps they really are looking for a way out of Afghanistan. Their occupation of that country is, after all, expensive and damaging to their relations with the West and the third world. But perhaps they feel the price is worth paying, so nothing whatever will make them even think of leaving. This is just as likely. Nobody in the West can be sure. In these circumstances, was Lord Carrington's journey useful, or does he return with egg on his face?

It is easy to argue that he and the Ten have suffered a rebuff which could have been avoided. Perhaps more time should have been given to preparation. It would certainly have been better if the initiative had come from the western alliance as a whole, but American policy is too paralysed for that. It would have

been better if the West had had more sticks at its disposal to balance the carrot, but it has allowed many of the sanctions imposed after the Soviet invasion to wither away. Mr Reagan lifted the grain embargo for domestic reasons, which made nonsense of his stated views on foreign policy. The Community lifted restrictions on food sales to the Soviet Union three months ago. There remain some restrictions on trade and credits and a general shadow over Soviet relations with many parts of the world, but much of the sting has, unfortunately, gone out of the western reaction.

The point of departure is therefore unsatisfactory. But this does not mean that Lord Carrington's trip was valueless. He wins something either way. If the Russians eventually come round to a more positive response he has set in motion a process which could eventually get them out of Afghanistan. If they remain negative he has achieved a number of other things. He has demonstrated that Afghanistan remains on the international agenda, that the Soviet occupation is not forgotten, and that east-west relations will be adversely affected as long as it continues. (Mr Heath was right to say that there should be no direct linkage with negotiations on arms control but there are bound to be indirect effects.) He has also shown that the European Community

is capable of taking diplomatic initiatives.

More important, if no progress is made, he will have shown up the dishonesty behind the Soviet Union's claim that its troops are in Afghanistan because of outside interference. This is important because the Soviet propaganda machine is adept at spreading myths of this sort. It is particularly important now that there is a growing movement in Europe which lends a sympathetic ear to the Soviet case against the modernization of the west's nuclear forces in Europe.

The sight of the Soviet Union conspicuously rejecting a perfectly reasonable and tactful proposal for withdrawing its troops without too much loss of face from a country which was and ought again to be non-aligned must have a salutary effect on those eager to put the most generous interpretation on Soviet actions.

If Lord Carrington had gone to Moscow with naive hopes of instant results he would now be looking silly. In fact he had no such hopes. He was not expecting to negotiate. He was making a diplomatic move on behalf of the Community in the absence of any coherent western policy on the subject.

One of the aims was to put the Russians on the spot by offering them a realistic way out of Afghanistan. It was a modest move but it has done no harm and may do some good, even if it merely serves to embarrass the Russians.

## MR ANDERSON'S HONOUR

Mr John Biffen is sucking very hard at the lemon which was nearly a raspberry presented to him by the Monopolies Commission Report on the sale of *The Observer*. The Commissioners found that the acquisition of *The Observer* by Lorrho "might operate against the public interest". But they shied away from recommending Mr Biffen to veto the sale by Atlantic Richfield. They overcame their doubts by attaching a variety of conditions designed, as they saw it, to protect the integrity and independence of the paper. They should not have bothered. The conditions they propose, on which Mr Biffen has been deliberating, have been rejected by the Editor, and by Lord Goodman, the chairman of the Observer Trust and criticized by all the serious press, and with good reason.

The central feature is the appointment of six independent directors to the new board, coupled with various assurances by Lorrho. No system or undertakings can produce the protection for freedom of information afforded by the combination of a responsible proprietor and an independent editor; it requires trust, mutual forbearance and an absence of hushbodies. There is a role for independent directors. It is a valuable one but it is limited. At *The Times* and *The Sunday Times* independent directors approve the appointment and dismissal of the editor and are available for mediation in any dispute between the chief shareholder and the editor. But what is proposed at the *Observer* is different. The

directors, appointed by Lorrho without any consultation with the Editor, are envisaged as an operating part of the board. The Commission has waxed eloquent about what they might do. The directors are here, there, and everywhere, seeking to avert the development of trouble, consulting staff journalists, pronouncing on the accuracy of news, and generally getting in the way of everybody. Moreover, as the dissenting Commissioner observed, it is hardly possible for such directors to maintain membership of the board, establish associations within it and share responsibility for board decisions, while at the same time retaining the independence required by their functions. The Commission has happily consented to a marriage with the only condition that mother-in-law should be present on all material occasions. It just will not work.

There is a further objection. Editorial freedom is not enhanced by diffusion. It is confused by it. An editor charged with responsibility is identifiable and accountable in a way that a group is not. Nor is there any evidence to suggest that whether of journalist cooperatives or boards of the great and the good — are imbued with greater qualities of intelligence and judgment than individuals. It is not unknown for such qualities to dissolve in the group.

Mr Biffen cannot, therefore, find salvation in the Monopolies Commission formula, nor for that matter in the idea of the NUJ that they should

have a veto over the appointment of independent directors. Press freedom would certainly be better protected by the outright rejection of the Monopolies Commission formula than by Government imposing such a panoply of ponderables. A better model, which is preferred by the Editor and senior staff at *The Observer*, is the set of arrangements agreed at Times Newspapers, whose sale was conducted with more honour.

And this is the crux of it. Mr R. O. Anderson, the Chairman of Atlantic Richfield, acted as a public-spirited individual in 1977 when he acquired the *Observer* with the proclaimed intention of defending its editorial traditions and journalistic standards. But Mr Anderson made arrangements to sell *The Observer* to Lorrho without any prior warning or consultation with its board or its editor or staff; both Lord Goodman and Mr David Astor felt that he deliberately misled them. This is strange behaviour for the Chairman of the Aspen Institute for Humanistic Studies with a reputation for public service. Mr Anderson has insisted that his sole objective in entering into the transaction is for the good of *The Observer*. But the leadership and quality of *The Observer* has not changed in the years since 1977 when he dedicated himself to its salvation.

He should weigh very carefully whether he is right to override *The Observer's* creators and proceed with the sale. He, rather than Mr Biffen, is the man who should be on the spot today.

## CRISIS RETURNS TO ARGENTINA

Five years ago the Argentine armed forces seized power from the tottering regime of President Maria Estela Peron, and were widely welcomed. Argentina was then in the grips of appalling terrorist violence, carried out by both left and right, and its economy was on the point of collapse as a result of hyper-inflation. Since then the military regime has virtually eliminated the terrorists of the left, at an enormous cost in human suffering.

It also succeeded initially in making some improvements in the economy. But just how limited these improvements have been is highlighted by the crisis that has now broken over the country. Inflation, which was down to a mere 88 per cent last year, is now running at a rate of over 120 per cent. The peso, after three devaluations this year, has been quoted at about 8,000 to the dollar, compared to 2,000 at the beginning of the year. Banks and industrial firms have gone bankrupt in large numbers; unemployment has soared.

Argentina is certainly not the only country whose economy is in difficulties these days; and many of its difficulties are the result of the world recession. It is, however, exceptional in two ways: in its great natural resources, which make it one of the world's main food exporters and very nearly self-sufficient in oil, and in the misgovernment from which it has suffered for many years. When the armed forces took over in 1976 they announced that they would be undertaking a process of national reconstruction which would finally, after so many setbacks, put the country on the right track. The misdeeds and mistaken policies of Peronism would be banished from national life. But that is not the way things have worked out, and with this new crisis Argentina is once again at a critical turning point.

President Viola, who took office in March, had been expected to follow a policy of limited liberalization. In the last year or two there has been a slight easing of the atmosphere. Arbitrary arrests and

illegal abductions have continued, but the press has been freer to criticize and the police parties have been more active. General Viola deliberately gave the impression before he took office that he would be continuing this process; the recent release of Señora Peron looks like a promising sign of good intentions.

But it is now clear that there are considerable constraints on anything he might want to do from hardliners in the armed forces. There are even fears that, confronted with the economic crisis and the possibility of disturbances, some of the hardliners might try to take over power themselves by means of a coup within the regime. This would clearly be a step backwards. After these years of military rule, and the brutal repression which has been carried out in the name of combating terrorism, Argentina needs a return to normality. The military need to accept that in spite of their arrogance they are no better at running the country's affairs than the civilians.

In addition to this, codes of practice are in force, and regularly monitored, to minimise the likelihood of damage from light and other causes.

Most visitors will find that the paintings at Petworth are in a better state than at the time of Mr Keefe's visit five years ago. I am, Sir, your obedient servant, J. D. BOLES, Director General, The National Trust, 42 Queen Anne's Gate, SW1, July 8.

## Petworth paintings

From the Director General of the National Trust  
Sir, Mr Bernard Keefe's comments (July 6) on the state of the paintings at Petworth ignore the fact that during the winter months in the last five years the "soot and grime" has been removed from 83 pictures, which have also been cleaned and revarnished. To eliminate the risk of damage in transit and the cost of carriage this work has been

executed by conservators *in situ*. Studio work has been carried out on a further 11 paintings.

I agree that much remains to be done and that some major paintings, while in sound condition, require cleaning and restoration. Mr Keefe and other visitors may be reassured, however, that those pictures at Petworth, like those at other National Trust houses that contain major collections, are the subject of a long-term programme of conservation under the direction of the newly appointed Surveyor of Conser-

## Lord Mountbatten memorial

From Mr Cecil Gould

Sir, The letter from the Prime Minister and others (July 6) recommending a memorial to Lord Mountbatten shows that there is still demand for a tangible monument to a famous person. But I doubt if the form proposed — "a statue in naval uniform" — is practical.

Despite persistent attempts to revive the tradition of monumental sculpture of this kind has long been in decline. Even Lord Mountbatten's enemies — assuming he had any — would hardly wish him to look like the Baden-Powell statue in Queen's Gate. Yet another bad London statue would be an equivocal memorial to Lord Mountbatten or anyone else.

But there is an alternative. A monument consisting of some kind of truncated pyramid in granite or other stone, with a portrait bust, or, better, bronze portrait relief, could still be produced in a form which would be appropriately dignified, and surely preferable visually to what is suggested.

In any case, I hope more consideration would be given to the possibility of including on any Mountbatten memorial the names of those who were murdered with him.

Yours,  
CECIL GOULD,  
Reform Club,  
Pall Mall, SW1.

From Mr John Mein

Sir, The letter from the Prime Minister and others proposing a statue to Earl Mountbatten is admirable, but the suggestion to site it on the south side of Horse Guards Parade lacks imagination.

Let us seize this opportunity to turn a fine idea into a noble reality, and situate the statue on the north side of Horse Guards. To do this would necessitate demolishing the hideous, wartime, breeze block "bunker" which hides the north facade of Wren's Admiralty and dominates The Mall. What a chance to rid ourselves of this massive memorial to Hitler and replace it with a fine piazza with the Earl's statue and a pleasant fountain — the whole in harmony with the buildings of Inigo Jones and Wren which make this the best architectural panorama in London.

That truly would be a setting for a nation's tribute, and surely a fitting memorial to a man whose statue should stand outside The Admiralty, rather than under the gaze of the War Office buildings to the south.

Somewhere on the piazza, cut deep in marble, should be recorded "the fact that from a subterranean room beneath this very spot Churchill planned much of the successful operation of World War II. A nation's tribute to two great patriots."

Yours faithfully,  
JOHN MEIN,  
Ladimer House,  
Church Street, W4.

From Lieut-Commander David Welsh, RN (ret'd)

Sir, I wholeheartedly support the proposal for a memorial to Lord Mountbatten, but I feel that a statue on the Horse Guards is a cold, sterile way of remembering such a vigorous, versatile and warm-hearted man.

I suggest that something to help young people in the deprived inner-city areas would be more appropriate, command wider support and be a more fitting and living memorial to this great man.

Yours faithfully,  
DAVID WELSH,  
Plough House,  
Orchard Road,  
Fiskerton, Lincoln.

From Mr W. B. Harbert

Sir, The axing of the Children's Committee report (June 12) by the Secretary of State for Social Services to save £52,000 a year is a sad reflection on Government priorities 18 months after the end of the International Year of the Child.

Each Government department responds to the economic and social vicissitudes of the nation, there is an ever-present problem of ensuring that the impact of public policies on families and children is fully taken into account.

In this regard is the way in which new supplementary benefit regulations introduced last November and framed to ensure that the elderly with capital assets did not lose their pension, and certain vaccine-damaged children of support.

A strong independent multi-disciplinary watchdog with a brief to review all Government policies that impinge on the family is essential if conflicting and damaging decisions are to be avoided.

The Children's Committee should be strengthened, not abolished.

Yours faithfully,  
W. B. HARBERT,  
Past President,  
Association of Directors of Social Services,  
Avon House North,  
St James Barton,  
Bristol, Avon.

From Mr Victor Bilbey

Sir, There may well be old folk who have no television set of their own, nor access to one elsewhere. Would it not be a kindly gesture if local councils were to make accommodation available on July 29 in public halls, schools, etc. fitted with television, so that all may be able to view the royal wedding?

VICTOR BILBEY,  
11 Birch Grove, Ealing, W3.

## Ways to restore inter-racial confidence

From The Archdeacon of Westminster

Sir, Recent outbreaks of violence in Brixton, Southall and Toxteth are a warning that healthy race relations cannot be promoted by legislation, boards or community councils. However well-intentioned the activities of such bodies may be, their existence can give rise to two assumptions which are dangerously false.

First, they may suggest that the solution of serious problems requires no more than good intentions; secondly, that nothing more is required of most of us than the delegation to others of our responsibilities in this area of human relationships. In reality the problems are far more complex than many are prepared to recognize, and the little that a few concerned people can do about them can be more than a palliative.

It is significant and disturbing that, in spite of the passing of a considerable amount of racial legislation, in this country there seems to be assuming similar proportions to those in South Africa, where apartheid is legally entrenched.

This unpleasant fact suggests that although unemployment, discrimination, prejudice, poverty and ignorance are always factors in racial conflicts, there are also other and less readily recognizable contributory causes, psychological, cultural or sociological. We should not overlook the difficulties, for example, experienced by many black people, with a long tradition of hierarchically structured society, in adapting to egalitarianism and democratic procedures. Many assumptions and habits of thought differ from race to race; and differences of pigmentation introduce considerations which defy completely rational explanation.

If there is to be restoration of confidence between different races the removal of mutual ignorance is a necessary starting point beyond which much more will remain to be done. I offer three suggestions, none of them original, for serious reconsideration.

First, the formation on the widest possible scale of multi-racial neighbourhood groups. Only those who live together in the same locality are qualified to appreciate the realities of their

serious state of moral decay. We, therefore, have failed this generation of children.

School is the second step for training children to cooperate with authority to form a peaceful and stable society. I think we will also agree that over the last two decades well-meaning liberals destroyed an educational system that provided these guidelines. Now we have not so much created an employment problem among the young, but have produced a majority of young people who are unemployable. Again, we have failed this generation of children.

Many of us who work at a grassroots level now gather together to look for urgent solutions, instead of burying the problem in a welter of reports and recommendations. We have little time to lose.

Yours faithfully,  
ERN PIZZEY,  
Chiswick Family Rescue Ltd,  
369 Chiswick High Road,  
Chiswick, W4,  
July 8.

From Mrs Judith Mason  
Sir, I dare say I have an over-romantic view of the riches-torag Upper Parliament Street area of Liverpool I used to visit nearly 20 years ago. The atmosphere was excitingly cosmopolitan and almost tangible. In recent years I have revisited there to see acre upon lifeless acre of boarded-up decaying property.

Maybe I would never have enjoyed having life there but I feel sure the effects of living through such enforced change must be soul-destroying. The beauty of the Anglican Cathedral is shown off to better effect, now that the clutter of housing has been cleared from its feet, but did it not symbolise a better guardian shepherd when its flock was gathered close?

Yours,  
JUDITH MASON,  
Tadpoles,  
Tadmorton,  
Banbury,  
Oxfordshire,  
July 6.

Where a candidate's results in English literature are as distinct from subjects like mathematics, where objective marking is obviously easier to achieve — are not consistent with school records of performance, I believe a parent or teacher may well have cause to be uneasy about marking.

I am, Sir, your obedient servant,  
M. R. FRYOR,  
65 Southmoor Road,  
Oxford,  
June 27.

The Common Market was designed to benefit consumers by fair and free competition. May we soon have the pleasure of drinking French milk over here at the cheaper prices French consumers enjoy!

Yours faithfully,  
GEORGE H. T. SPRING,  
39 Victoria Road,  
Saltash,  
Cornwall,  
June 25.

From Mr C. H. T. Spring  
Sir, Recently in France (Britany) I purchased UHT (Ultra-heat treated) milk — full cream variety — for Fr.2.85 per litre in a supermarket. In the local equivalent here it costs 25p per 500 ml. This works out at some 45p per litre.

The Common Market was designed to benefit consumers by fair and free competition. May we soon have the pleasure of drinking French milk over here at the cheaper prices French consumers enjoy!

Yours faithfully,  
GEORGE H. T. SPRING,  
39 Victoria Road,  
Saltash,  
Cornwall,  
June 25.

## New future for 'The Observer'

From Lord Goodman, CH

Sir, Mr Edward du Cann MP (July 6) needs no advice from me, but I feel he would have been wiser to maintain silence on the subject of *The Observer*. I am sure he would not wish to start his new career as a national newspaper proprietor by an innocent misrepresentation to the public. But it is a travesty of interpretation and a sad suppression *veri* to assert that the Monopolies Commission "decided by an overwhelming majority in Lorrho's favour".

The fact of the matter is that unanimously the commission found as its substantive finding that the sale might be adverse to the public interest. By a majority — with one powerful dissenting voice — they considered that the sale could be approved if associated with the safeguard of "independent" directors appointed and paid by Lorrho.

They arrived at their substantive conclusion notwithstanding the powerful advocacy of two Queen's counsel and other supporting voices. Mr du Cann does not mention the safeguards, it is not surprising that he does not also mention that those safeguards were proffered by Lorrho. There was indeed what might have been regarded as a surprising spectacle of an applicant proposing itself to the Monopolies Commission humbly but wisely recognizing its unsuitability unless very special measures were adopted.

I do not think that in those circumstances — if Mr du Cann reflects on his own conduct — that Mr Astor's vehemence is to be condemned. Mr Astor, after all, spent virtually the whole of his professional life working to maintain the independence and integrity of *The Observer*. He cannot be blamed for feeling as he does about its transfer to a suspect ownership even under safeguards. Clearly if the safeguards are to have any hope of operating effectively the total independence and strength of character of the "independent" directors appointed is crucial.

It is not my time to speak of myself and David Astor, I should convey our sympathy to the courageous editor and talented journalistic staff of the newspaper upon whom the prevailing uncertainty must weigh heavily and upon whom the future success and welfare of the paper must much depend.

Yours faithfully,  
GOODMAN,  
Chairman, Observer Trust 1967-76,  
Chairman, Newspapers Publishers Association 1970-75,  
9-11 Fulwood Place,  
Gray's Inn, WC1,  
July 8.

From Sir Colin Campbell  
Sir, Mr David Astor's assertions (July 4) are not borne out by my experience. Mr Rowland inherited me as a non-executive director when Lorrho purchased the *East Africa Standard* in the 1960s. During my time on its board he scrupulously upheld the principle of editorial independence.

He can be expected to want to make a financial success of his acquisition and is shrewd enough to know that this will be best accomplished by ensuring that the character of the paper remains unchanged.

I have the honour to be, Sir, your obedient servant,  
COLIN CAMPBELL,  
Kilbride Castle,  
Dunblane,  
Perthshire,  
July 5.

From the Reverend Christopher Lewis

Sir, I am glad that you gave good coverage to the benefits of bicycles last week. But Philip Hodson's article (July 4) omits one simple measure which could help cycling and save fuel. It is for employers to pay a cycle rate for duty travel. The Civil Service now do so (at about 3p a mile) and this theological college for which I work has recently adopted the idea with a cautious 1p a mile. Such a contribution helps the cyclist with maintenance and, from the employer's point of view, compares favourably with the extravagant sums now paid out to car drivers.

Yours faithfully,  
CHRISTOPHER LEWIS,  
Ripon College,  
Cuddesdon,  
Oxford,  
July 7.

From Sir Geoffrey Vickers

Sir, Why does the Navy board a French vessel with a boarding party of which not one member speaks French (report, July 6)?

To shell or bomb people you don't need to speak their language but to monitor their shipping you do. Should not every ship's company on fishing control duty include at least one member, preferably an officer, with some command of our Allies' major languages?

Is not this a required subject in naval education in these days?

Yours very truly,  
GEOFFREY VICKERS,  
The Grange,  
Manor Road,  
Goring,  
Berkshire,  
July 6.

From Mr Peter Burville

Sir, When the digital clock is ubiquitous what term will we use for "clockwise"?

Yours faithfully,  
PETER BURVILLE,  
14 Malton Way,  
Tunbridge Wells,  
Kent.

From Mr Peter Burville

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Yours faithfully,  
PETER BURVILLE,  
14 Malton Way,  
Tunbridge Wells,  
Kent.























High speed gas  
and the slow  
sell-off, page 25

# Business News

THE TIMES July 9 1981

Why monetarists  
are wrong about  
jobless, page 25

**Stock markets**  
FT Index 522.4 down 7.1  
FT Gilts 63.81 down 0.85

**Sterling**  
\$ 1.8795 down 240 points  
Index 93.5 unchanged

**Dollar**  
Index 110.9 up 0.5  
DM 2.4717 up 284 points

**Gold**  
\$398.50 down \$9

**Money**  
3 mth sterling 13.1-13.1  
3 mth Euro 5 181-171  
6 mth Euro 5 171-171

## IN BRIEF

### Mills offers £47m for Letraset

Letraset, the artists' materials company that ran into trouble with the acquisition of Stanley Gibbons, has received a £47m takeover bid from Mills & Allen.

The bid was launched two hours after Mills & Allen bought 14.97 per cent of Letraset at 105p through a "dawn raid" carried out in the stock market by stockbrokers Cazenove & Co.

Letraset yesterday rejected the bid, describing the terms as totally inadequate, and advised shareholders to take no action. The company would not comment on whether a meeting had been arranged with Mills & Allen.

Mills & Allen, the outdoor poster and money-broking conglomerate that emerged from J. H. Vasseaux, is offering Letraset shareholders a share exchange that would give them 38 per cent of an enlarged group. The terms are 20 ordinary shares and 17 10p per cent redeemable cumulative preference shares 1982 of £1 for every 100 Letraset shares.

Financial Editor, page 25

### Bank staff deal

The Banking, Insurance and Finance Union has reached agreement with the main High Street banks on improved weighting allowances and overtime rates for about 100,000 bank staff.

London weighting is being raised from £1,261 a year to £1,294, and more staff will be paid time-and-a-half for overtime.

### £8m Iraq order

Blaw Knox, of Rochester, Kent, has won an £8m contract to supply Iraq with 180 road construction machines and spare parts.

### The last Maxi

BL's Austin Maxi, the first British-made hatchback car, of which 450,000 have been sold, came to the end of the road yesterday when production ceased at the company's Cowley plant near Oxford. The factory will now make the Japanese-designed Triumph Acclaim saloon.

### 200 to lose jobs

About 200 workers are to lose their jobs at Travenol Laboratories, Thetford, Norfolk, a leading supplier to the National Health Service. A small number will also go at Nelson, Lancs, where the company employs 226 people.

### ICL one-day strike

About 1,900 workers at ICL went on a one-day strike yesterday stopping production at two of the company's plants in protest at 5,200 proposed redundancies. Employees lobbied Members of Parliament at the House of Commons.

### Vosper frigates offer

Mr John Nott, the Secretary of State for Defence, is to discuss with Sir John Rix, the chairman of Vosper, an offer by the shipbuilding and ship repair group to construct the all-purpose frigates required under plans for re-shaping the Royal Navy.

### Tobacco rise held

Imperial Tobacco, whose brands include the John Player, Embassy and other WD & HO Wills ranges, is absorbing the 3p a packet duty increase on BAT cigarettes until August 5. BAT Industries is absorbing the increase only on two of its brands, while Rothmans International is not putting up prices for the present.

### Dow Jones steady

The Dow Jones industrial average closed at 953.48, down 0.67 on Wall Street yesterday. The S&P 500 index was 113.665 with the S&P rate was 0.601243.

## Price of new stock sends gilts reeling

By John Whitmore, Financial Correspondent

The Government is believed to have sold only half its latest £1,000m issue of index-linked gilt-edged stock. The disappointing result is made even more pronounced because the Government has been forced to offer a higher than expected yield on the stock already sold.

This follows the sell-off of its first index-linked gilt-edged stock earlier this year, just how much stock the Bank of England has allotted to investors is not clear as it would supply no figures yesterday.

Such stock as has been allotted goes to investors who tendered at prices of 86 per cent and above. They all get their stock at a price of 86, at which level the real rate of return is 2.875 per cent.

This compares with the 2 per cent return at which the original stock was sold, and the yield of about 2 1/2 per cent on which it was standing before the Bank's announcement of the tender result yesterday afternoon.

The news that the Bank has accepted tenders as low as 86 immediately cut £34 off the price of the existing (1996) stock and sent the rest of the gilt-edged market into a spin, pushing the FT Government Securities Index to a 41 year low.

Prices at the longer end of the market were marked down by about £1 1/2, to add to the sharp fall seen on Monday. Some medium and longer dated stocks are now yielding more than 15 1/2 per cent.

Although the market had assumed that the Bank would probably exercise its discretion not to accept bids below a certain price level, it had generally been assumed that the cut-off point would be around 90 where the yield on the new stock would have been just over 2 1/2 per cent.

This was despite the fact that a large number of pension fund managers have consistently been pressing the case for a return of nearer 3 per cent and had made it plain to brokers yesterday that they had made the bulk of their tenders at prices between 80 and 90.

While the authorities would undoubtedly have been happier to make the cut-off point rather higher, they finally decided, having examined the tenders, that 86 represented an appropriate balance between their immediate funding needs and the kind of price needed to develop the index-linked market for the future.

Although the deterioration in inflationary expectations over the past few weeks made a further index-linked issue an attractive instrument for further government funding, the price performance of the first issue since it was launched at the end of March has made investors more cautious.

It may also be that some fund managers have decided that the recent upward pressure on interest rates makes it more sensible to conserve funds for investment in conventional gilt-edged issues once interest rates start to turn.

Financial Editor, page 25

## Oil tax 'endangering' N Sea exploration

By Edward Townsend

Leading oil company executives told MPs yesterday that the Government's North Sea taxation policy had undermined confidence, created instability and posed a threat to the development of new wells.

Shell UK Exploration and Production and Esso Petroleum complained in memoranda to the Commons select committee that the tax changes had led to a loss of revenue since 1979 which the introduction most recently of a tax on turnover on top of the existing taxation structure.

Mr John Jennings, managing director of the Shell subsidiary, said that the tax changes had harmed oil companies' short-term cash flow. "It is a blunt instrument which has reduced the incentive to invest in the United Kingdom offshore and it has had a dampening effect on enthusiasm."

Shell's memorandum to the committee, which is investigating oil depletion policy, said: "Some of the tax changes appear to take into account changes in the price of oil without perhaps taking sufficient cognizance of the changes on the other side."

Costs escalation exacerbating the heavy front-end loading of offshore projects and the changing pattern of development in the North Sea from that of a few very large fields to many more smaller ones.

Esso said that the new supplementary petroleum duty was particularly inappropriate as it was based on revenues rather than profits and failed to consider the risks taken by the industry, the huge initial investments made, or the long lead time before such investments were recovered.

Mr Jennings, who said that the sale was part of the planned rationalization of the group's property portfolio, also indicated that the three stores were not an ideal fit with the image it is attempting to create.

Tesco has just launched a £9.5m promotion of a more up-market profile.

The sale shows that, unlike J. Sainsbury and Safeway, Tesco does not see itself expanding with outlets that would sell only groceries and other food. The Tesco thrust will be in much larger supermarkets that can carry a large proportion of non-food items. It already has 70 supermarkets and should be adding another nine by the year's end.

## 'Lack of professionalism' in Whitehall spending

By Melvyn Westlake

Whitehall departments were yesterday given notice by a parliamentary committee that they did not exhibit adequately high standards in checking the accuracy and propriety with which billions of pounds of taxpayers' money was spent, and that quick improvements were needed in the way such checks are done.

In a report from the House of Commons Public Accounts Committee, the internal watchdog on spending and efficiency, MPs have thrown their weight behind a report from Sir Douglas Henley, the Comptroller and Auditor General, which sharply criticizes the internal auditing of government departments for being below standard and lacking professionalism.

The Treasury had admitted a lack of professionalism and a shortage of qualified accountants to carry out audits. But it accepts that senior management have failed generally to appreciate the potential benefits of internal audit. It agrees that senior management ought to have many cases to have done more about it.

The review carried out by Sir Douglas Henley covered 34 organizations, with annual transactions in excess of

## Tesco sells three stores to Fine Fare for £4m

By Derek Harris

Tesco, which has been expanding aggressively at the cost of high borrowings, is selling two partly completed stores and a not-developed site to Fine Fare, the Associated British Foods subsidiary.

Two Scottish sites and one the North-east are involved in the deal, which is worth around £4m in cash.

Tesco, which has a £100m store opening programme this year involving 17 new units (more than half of them supermarkets) is believed to be offering some other packages of stores to other large multiples interested in units with selling areas of between 18,000 and 25,000 square feet. Fine Fare, it is understood, was offered more stores than the three it has bought.

The two partly completed stores bought by Fine Fare are at Peterhead, Scotland, and at Sunderland in Tyne and Wear. The Peterhead store, with about 18,000 square feet of selling area, is ready for fitting out and should be trading before Christmas. The Sunderland store, with 22,000 square feet, is likely to be trading early next year.

At Alloa, Scotland, the site has been cleared for a store of 25,000 square feet, which Fine Fare classes as a large super-market rather than a supermarket. This could be trading late next year. Two of the properties are freehold and the other is on lease.

Mr Wallace Monaghan, Fine Fare chairman, said the acquisitions fitted neatly into areas where Fine Fare is already strong. Fine Fare claims 14 per cent of the Scottish grocery market and around 11 per cent of the North-east market. Fine Fare has nine new Scottish stores planned, one of them a supermarket, four in the North-east of which three are supermarkets.

Mr Francis Krejca, property director at Tesco, said that the sale was part of the planned rationalization of the group's property portfolio. Tesco also indicated that the three stores were not an ideal fit with the image it is attempting to create.

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The sale shows that, unlike J. Sainsbury and Safeway, Tesco does not see itself expanding with outlets that would sell only groceries and other food. The Tesco thrust will be in much larger supermarkets that can carry a large proportion of non-food items. It already has 70 supermarkets and should be adding another nine by the year's end.

## Opposition to Lloyd's Bill grows

By Richard Allen

Hopes for the survival of the controversial Lloyd's Bill received another severe setback yesterday, Mr Frank Holland, chairman of C. E. Heath, one of Lloyd's oldest brokers, declared that he would join a campaign to kill the Bill if it included a clause on divestment.

The clause, which has been demanded by a parliamentary committee, would force brokers to sell off their underwriting interests in the market. Lloyd's ruling committee has accepted the demand and is urging members to vote for its inclusion in the Bill at a ballot planned for July 17.

But at his group's annual meeting yesterday, Mr Holland said: "I deplore the haste with which this matter is being rushed through." He added that it was the interaction between brokers and underwriters that

## OPTIMISM FROM TREASURY

By David Blake

Optimistic signs for the economy were highlighted by the Treasury's Economic Progress Report yesterday. Unemployment is rising much more slowly and short time working is falling. Productivity is rising, after holding up well, and most indicators now suggest that the economy has reached the trough of recession.

The Treasury assessment is based on information published last week, but the report gives a sign of how Whitehall wants the figures to be interpreted rather than a report also says that monetary growth is probably within the 6 per cent to 10 per cent target range after allowing for distortions caused by the Civil Service strike.

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## Japan and Britain still talking on car quotas

By David Blake

Tokyo, July 9—British and Japanese car makers failed today to reach agreement on the level of Japanese exports to Britain, but talks are to continue.

Two days of discussions between the Society of Motor Manufacturers and Traders (SMMT) and the Japan Automobile Manufacturers Association (JAMA) went well past their scheduled end with both sides far apart.

Sources close to the talks at Sapporo said that Britain had rejected Japanese assurances of prudence in penetrating the UK market.



Playing Monopoly, Waddington's winner.

## Waddington fails to pass go with video games venture

By Margareta Pagano

John Waddington's venture into the electronic games market three years ago with the Videomaster television game has been both painful and costly. Drastic action taken last year has cut out most operations, but it still leaves behind a year of losses—the first time the group has slipped into the red since 1923.

The packaging, print and games group, which started life 75 years ago printing theatre tickets, yesterday revealed a loss of £319,000 in the year to April against pre-tax profits of £881,000 last time. This, however, represents a small recovery from the first half when Waddington, one of whose biggest selling lines is Monopoly, lost £1.02m.

Videomaster losses this year were £2.07m, better than its estimate in January for a £2.2m loss. Last year it lost £2.9m when Waddington optimistically said the worst was over.

But it is no secret that Videomaster has been ill-fated since it was bought for £690,000 from the receivers in 1978. In its first year with Waddington a synchro covered its supplier's factory in the Philippines with about four feet of mud.

The following year a shortage of micro-electrical parts meant missing the vital Christmas sales period. So in total, Videomaster, whose revenues are now with the Subbuteo sports game subsidiary, has cost the group some £6m.

Mr Victor Watson, the chairman, blamed the disasters mainly on over-optimistic forecasts about demand for games. Nevertheless, he said, Waddington remained committed to games and—rather more cautiously—to electronics.

No further losses are expected from games and Christmas sales prospects are quite good so far. But the group refrains from making a forecast for this year.

Losses before tax this year also include £680,000 on its United States House of Games subsidiary which is almost run down, and a £770,000 profit from Valentines greeting card business before it too was sold last September to Hallmark.

If games are the heart and soul of Waddington, then its packaging and printing division is the core of the business, now providing two-thirds of sales. Total group sales fell by just under £1m to £56.4m. Although this sector turned in slightly lower pre-tax profits of £1.5m, present trading is said to be steady. Margins, however, are under pressure from European competitors.

The real knock came from interest charges of £1.3m which turned trading profits of £1.3m into losses. One optimistic sign is management's success in taking control and reducing borrowings, the need for which prompted the £4m Valentines sale.

Borrowings were cut from £10.6m last year to £2.8m, although they are likely to peak at £5m during the year to cover stocks. This brings gearing down to a reasonable 15.5 per cent against 60 per cent. Interest charges should be about £600,000 this time, and pre-tax profits of at least £2m are believed to be within reach.

## US rates push dollar up further

By Frances Williams

The dollar surged on world markets yesterday as leading American banks raised the prime lending rate from 20 to 20 1/2 per cent.

The pound sank to a three-year low, falling 2.40 cents from Tuesday to close in London at \$1.6795. But it was generally stronger against European currencies and its index measured against a basket of currencies remained unchanged at 93.5 per cent of its average 1975 level.

Gold, depressed by the strong dollar and rising United States interest rates, dropped below

## Italian bourses ordered to shut

From John Earle, Rome, July 8

The Government acted today to prevent further selling on Italian bourses by closing them until Monday.

Signor Beniamino Andreotta, the Treasury Minister, issued a decree suspending dealings in order to determine the positions that have been taken and to ascertain the causes of the disturbances existing in the official securities market.

The decree should calm for the most dramatic crises in Italian bourse history. Italian stock exchanges were closed by the government once before, for two days after the disastrous defeat of Caporetto in 1917.

The newspaper La Repubblica said the 'bourse faced, not just a grave selling wave, but possible collapse.

The public flocked to buy equities last year as an anti-inflation hedge. Prices soared until late this spring, when the bubble burst. To dampen the wave of speculative selling that then developed, the supervisory commission on June 17 ordered that dealings temporarily should be on a cash basis only.

Last Monday, dealings for the monthly settlement day were restored, but with the requirement that buying should be accompanied by a 30 per cent cash deposit, and short-selling by a 70 per cent deposit. Buyers were not to be found, and prices dropped by an average of 7 per cent.

ABRIDGED PARTICULARS

These abridged particulars are not an invitation to purchase shares. Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of Hamilton Oil Great Britain PLC to be admitted to the Official List.

## HAMILTON OIL GREAT BRITAIN PLC

### Offer for Sale

by

### Kleinwort, Benson Limited

of

### 10,010,000 ordinary shares of 10p each at 140p per share payable in full on application.

Share Capital

Authorised £6,000,000

Issued and to be issued fully paid £5,005,000

No action will be taken on any application for the ordinary shares now being offered until 10 a.m. on Wednesday, 15th July 1981. The application list may be closed at any time thereafter.

The Offer for Sale (on the terms of which alone application will be considered) with Application Forms is published today in the Financial Times and The Daily Telegraph.

Copies of the Offer for Sale (on the terms of which alone application will be considered) with Application Forms may be obtained from:

Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB

Kleinwort, Benson Limited, Tricrom House, Hagley Road, Five Ways, Birmingham B16 8TP

Kleinwort, Benson Limited, 78/80 George Street, Edinburgh EH2 3BU

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

## PRICE CHANGES

<b>Rises</b>			
Amal Power	7p to 97p	Man Ship Canal	5p to 153p
Burner HP Rldg	22p to 237p	Mercantile Hts	20p to 903p
Fuller	5p to 565p	Middle Wts	15p to 635p
Kinross	12p to 534p	Schroder	5p to 447p
Letraset	12p to 109p	Schoombie Marc	20p to 270p
<b>Falls</b>			
Allen WIG	4p to 46p	Imp Cont Gas	17p to 178p
BP	4p to 286p	Lasmo	10p to 517p
Electrocomp	15p to 765p	Royal Ins	8p to 373p
Gen Acc	10p to 330p	Schoombie GH	10p to 180p
GRE	10p to 330p	Sun Alliance	10p to 286p



# Investors still face a rough ride on the gold roller coaster

Over the past two years, holders of gold have suffered the roughest ride for their money in the precious metal's modern history. Yesterday the price sank to \$398.50 an ounce in London, slipping below \$400 for the first time since November 1979, and well under half the peak of \$850 it touched briefly in the heady days of January 1980.

Unprecedented day-to-day fluctuations, with a record rise of \$75 in one day in January last year closely followed by a \$135 fall, have been enough to give palpitations to the most stout-hearted of investors.

What, then, has happened to make gold ride the roller coaster with a vengeance? Is its recent instability a portent of a yet more heart-stopping ride to come?

The last gold boom began in 1979, after several years of gently rising prices. Ironically, in view of later events, the leading impetus behind the

accelerating gold price was the weakening dollar which, undermined by mounting inflation in the United States, fell below DM171 for the first time in December 1979. This led people to look around for investments which would provide a better hedge against inflation, and it was not long before the steady appreciation of the gold price caught their attention. Most notable among these were the oil-producing nations, which were running up enormous dollar surpluses as a result of the doubling of oil prices in 1979, and saw these being rapidly eaten into by double-digit dollar inflation.

A second reason for renewed interest in gold was the complete failure of the programme of gold sales by the American Government to have any dampening effect on the price. If the United States could not enforce its desire to "demonetize gold"—remove its status as a backer of world currencies—because

Frances Williams examines the reasons behind the volatility of the gold price, now below \$400 an ounce after last year's \$850 peak.



demand far outweighed the impact of large sales on supplies, then, investors reasoned, the price could only go up.

By November 1979, with the price at close to \$400 an ounce, nearly twice its level a year earlier, the stage was set for the subsequent meteoric ascent to \$850 in January. It began with the Iranian seizure of the American hostages; a further sharp rise in oil prices caused

by fears of impending shortages due to production cutbacks by Iran; and the Russian invasion of Afghanistan. Such events were tailor-made to appeal to gold's time-honoured role as a haven from political turbulence.

Gold fever in mid-January 1980 made front page news. Thousands of small investors who had never bought gold before put their money on what seemed to be an unstoppable winner.

It is a commonplace in the trade that when the small men get in, it's time for the professional to get out. A week after the price peaked, those who bought at the top had lost more than \$200 on every ounce. The lightning collapse left practically no time for investors to save themselves. It is the persistent liquidation of this slump of gold, bought at the inflated prices of that time, which has depressed the gold price over the past 18 months.

Since the beginning of last year, gold has been on a continuing though occasionally erratic downward trend. The principal factor during that time, in the precise reverse of what went before, has been the strength of the dollar and associated high American interest rates.

Dollar strength and high United States interest rates hurt gold in two ways: because the dollar tends to take over from gold as a "refuge" cur-

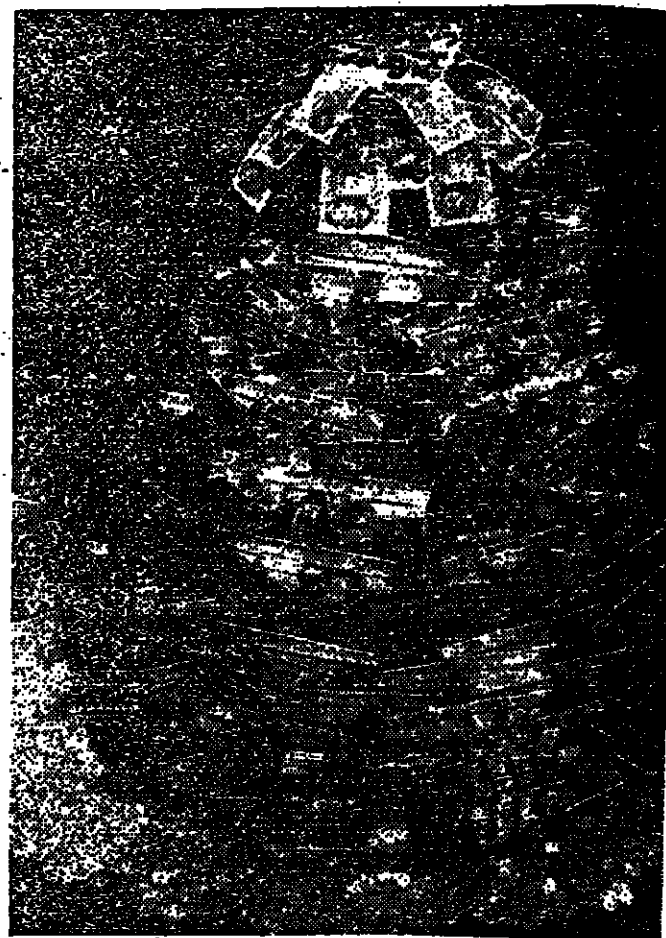
rency, and because the costs of holding gold, which does not earn interest, in preference to dollar investments become substantial.

The dollar's impact on the gold market has been so overwhelming that political upheavals have had comparatively little influence. Dealers were amazed that gold did not consolidate short-lived gains after the outbreak of hostilities between Iran and Iraq (when it went above \$700 an ounce); continuing Polish troubles with the overhanging threat of Soviet invasion, and most recently the Israeli bombing of Iraq's main nuclear reactor.

Dealers are now saying that only a substantial and permanent fall in American interest rates, to around 15 per cent from their present 20 to 20½ per cent, will produce a convincing gold rally.

Analysts are now loath to suggest where the next sticking point for gold might be. President Reagan's unwavering commitment to tight money policies to defeat United States inflation, coupled with his three-year tax cuts programme, imply high American interest rates for some time to come.

Yet those on the gold roller coaster should probably resist the temptation to jump off. If they can afford to they should hang on. Sooner or later, gold's traditional values are bound to be reasserted. Supply is limited; demand almost unbounded. When the dollar has had its day, gold may be waiting in the wings.



This pile was worth £1m 20 years ago, when gold traded around a fixed price of \$35 an ounce. Today, with gold at \$398.50 an ounce, it would be worth almost £17m.

## Hambros 1981

Mr. Jocelyn Hambro, M.C., reports on the Hambro Group

	1981 £ million	1980 £ million
Profit available to shareholders	23.1	12.1
From operations	15.3	9.8
Investment gains and extraordinary items	7.8	2.3
Earnings per 25p share	109.0p	57.4p
From operations	71.9p	46.5p
Investment gains and extraordinary items	37.1p	10.9p
Dividends per 25p share	22.5p	16.5p
Interim	6.5p	5.25p
Final	16.0p	11.25p

I am pleased to be able to report on a successful year in which our established business has produced good results and where we have taken initiatives which I believe will benefit the future.

We have achieved significant growth in earnings and in resources. Earnings from operations at 71.9p per share are 54% higher than last year.

Shareholder's funds in the consolidated balance sheet have increased from £83 million to £115 million. Total resources including loan capital and minority interests were £155 million, added to which there was a surplus, net of assumed taxation, of £103 million on our investment in Hambro Life Assurance.

We propose final dividends which, with the interim already paid, will amount in total to 22.5p per 25p share against 16.5p last year, an increase of 36.3%. Dividends are covered by historical cost profits 4.8 times, and by current cost profits 3.5 times.

I would like to pay tribute to the growth that has been achieved in merchant banking by all operating divisions despite the very real economic difficulties that have prevailed throughout the period. Our acceptances at the year-end were above £400 million. They are mainly, but not entirely, in sterling. There was an accompanying increase in foreign currency banking business. The fee earning activities of corporate and shipping finance, and of international bond and loan issues made satisfactory contributions. We were the first to re-activate the sterling bond market for international borrowers, and we either led or co-managed all those issues domestically placed for overseas borrowers during the year.

### Consolidated Financial Statement at 31st March, 1981

	1981 £ million	1980 £ million		1981 £ million	1980 £ million
Share capital and reserves	115	83	Balances with bankers and money at call	156	161
Minority interest	6	3	Term loans to banks, local authorities and certificates of deposit	838	562
Loan capital	34	38	Dealing securities and trading stocks	33	32
	155	124	Loans, advances and other accounts	532	574
Current, deposit and other accounts	1,474	1,250	Customers' liabilities for acceptances	406	381
Acceptances for customers	406	281	Investments	71	62
Deferred taxation	8	12	Fixed assets	10	7
Proposed dividends	3	2		2,046	1,669
	2,046	1,669			

We launched two initiatives during the year in the field of oil and gas exploration. We helped promote and finance Dawsea Limited which, in partnership with others, was awarded six licences in the North Sea seventh round applications. Four of these are in prime blocks. In the United States we are participating in exploration for natural gas in Oklahoma and Texas. Early results there have been encouraging. In other respects our direct investments have also had a successful year and, as our energy interests start to contribute to earnings, we believe they will prove a continuing source of benefit for the future.

Since the year-end we have welcomed the Fielding insurance and reinsurance broking companies into the Hambro Group. They have developed with much success over recent years and we look forward with confidence to that continuing.

My thanks, as always, are due to my colleagues, management and staff of the whole Group. We look forward with confidence to the future.

Copies of the Annual Report can be obtained from: The Secretary, Hambro Bank Limited, 41 Bishopsgate, London EC2P 2AA.



**Hambros**

## Bill puts Britain's air couriers on flight path to expansion

By Bill Johnstone

The passage of the British Telecommunications Bill through Parliament yesterday gave the green light for substantial growth in the international air courier business.

The Bill suspends the Post Office monopoly for time-sensitive letters, provided there is a minimum charge of £1. It is a clause which is crucial to the air couriers.

These operators deliver and transport documents from the United Kingdom overseas. A courier will invariably travel with the documents and these are "checked-in" as the courier's personal luggage.

This year alone British operators will be paying over £30m

to airlines for tickets and baggage.

The Association of International Air Courier Services (AIACS), which was formed in 1976 and has 19 members, has given assurances to the Department of Industry that its members will adhere to the spirit of the new Bill, which is expected to receive the Royal Assent by the end of this month.

The AIACS has undertaken to produce a code of practice which will be registered with the Office of Fair Trading.

The membership is concerned that the new freedom given to operators could be misused if not properly controlled. The trust which exists

between the regular couriers and foreign Customs and Excise authorities could be put in jeopardy by what the association terms "cowboy" operators.

The association emphasises that its members will not be competing with the Post Office although the corporation operates a service called Datapost which delivers to 19 countries.

The AIACS membership claims to offer a different type of service to a different type of client. The personal delivery of urgently needed cheques or documents for banks, international lawyers and accountants, newspapers and oil companies is expected to form the backbone of a growing industry.

## German bank chief to resign after losses

From Peter Norman, Brussels, July 8

Dr Johannes Völling, chief executive of the trouble-hit Westdeutsche Landesbank Girozentrale of Düsseldorf, has asked to be relieved of his post.

In a brief statement, the 59-year-old banker said he had asked Professor Reinhold Jochimsen, chairman of the bank's supervisory board and Economics Minister of North Rhine-Westphalia, to draw up a contract to terminate his membership of the bank's managing board.

It is understood that Dr Völling's decision is related to the serious loss of profitability at present affecting West Germany's largest public sector banking institution. Like Commerzbank AG, Westdeutsche Landesbank has become a victim of the Federal Bank's continued high interest rate policy. It was forced to omit paying a dividend for last year because of losses arising from the need to refinance its lending through high-cost short-term borrowing.

At a Press conference at the end of May, Dr Völling said the overall "mismatch" in the group amounted to DM10,800m (£2,358m) at the end of January this year. Most of the long-term

lending was in the form of investment in West German public bonds and local authority loans although some DM2,600m of the total was long-term international lending that had not been adequately refinanced.

While the bank's foreign lending difficulties will sort themselves out over the next two to three years, the redemption of its domestic fixed interest investments will only begin in 1983.

Last year, the "mismatch" cost the bank DM97m. Its interest losses for this year have been estimated at DM400m.

The bank, which has total assets of more than DM100,000m, could only muster a net profit of DM45m last year because its real estate financing subsidiary produced DM60m of net profit to offset a loss of DM15m at West-Lb itself.

Dr Völling stepped up from number two at the bank to be appointed chief executive in January 1978 when he replaced Herr Ludwig Poulain, who was summarily dismissed by the bank's supervisory council for alleged "gross violation of his duties in having acted as a paid consultant for a south German financier."

## Borrie complains merged firms 'fail to deliver'

By Derek Harris, Commercial Editor

Corporate mergers too often fail to fulfil the expectations advanced for them, Mr Gordon Borrie, director general of Fair Trading, says in his annual report for 1980, out yesterday.

He says that, particularly with conglomerate mergers, more details of subsidiaries' financial performance need to be given. This should be borne in mind when a suitable chance comes for new legislation, Mr Borrie adds.

He also gives a strong warning to industrialists who may use anti-competitive practices on the argument that they are needed for survival during the recession.

The Government's position that mergers should be approached more sceptically by Mr Borrie and the Monopolies and Mergers Commission is welcome, Mr Borrie says. The degree of industrial and commercial concentration in the United Kingdom, to which mergers had made a big contribution, now exceeds that in almost all other industrialised countries, Mr Borrie says.

It remains to be seen how

much more closely mergers can be questioned without changes in legislation, Mr Borrie adds. Mergers that are a diversification into new areas for the buying company must be watched, he says, lest they diminish competition with no efficiency gains.

There is a danger that inappropriate or bureaucratic management styles might be imposed, or that market processes might be distorted by cross-subsidisation and predatory pricing, he says.

The government has made clear that there is nothing sinister about conglomerate mergers as such, and that benefits may arise from diversifying mergers, Mr Borrie points out. Of 182 mergers looked at by Mr Borrie last year, 56-61 per cent were diversifying mergers.

Whether fresh legislation affecting mergers is needed should be known when the Monopolies Commission produces more assessments of mergers referred to it since last July.

Annual Report of the Director General of Fair Trading 1980: HMSO £5.70.

### FOREIGN

## US warning on trade pacts

□ The United States will impose import duties on goods of countries that violate the spirit of trade agreements, Mr Bill Brock, American Trade Representative, said.

"We will strongly resist protectionist pressures and give top priority to international trade", he told a Senate banking sub-committee.

The quest for free trade was the basis of United States trade policy and would be enhanced by modifying American laws that discouraged exports, such as the Foreign Corrupt Practices Act, which placed stringent restrictions on bribes overseas.

### Thermo-nuclear cash

□ The European Commission plans to raise Community spending on thermo-nuclear fusion research to 680 million European units of account (about £374m) in the five years to the end of 1986 from 385.5 million units agreed for the five years to the end of 1983. More than half the money will go towards the Joint European Torus project at Culham in Oxfordshire, which is intended to demonstrate the scientific feasibility of fusion technology.

### Film companies deal

□ Metro-Goldwyn-Mayer Film Company expects to complete its previously announced plan to acquire United Artists Corporation for \$380m (about £201m) later this month.

### £317m Bahrain link

□ Saudi Arabia has signed an agreement with the Bandar-Nedam and Ballast consortium, to build a \$600m (about £317m) causeway linking Bahrain with the mainland.

### Synthetic fuel plant

□ Asea AB has agreed on a consortium with the Swedish municipal utility Storskholm Energi AB to design a synthetic motor fuel plant worth an estimated 2,000m to 2,500m Krona (about £254m).

### £22m roads contract

□ The Nigerian subsidiary of Taylor Woodrow, has been awarded four road contracts worth a total of £22m, bringing the value of Nigerian contracts won by the company in the last six months to £100m.

### Japan oil stocks

□ The semi-official Japanese National Oil Corporation has bought 1.1 million barrels of Mexican crude oil to add to Japan's stockpile held off-shore in laid-up tankers.

### Norwegians withdraw

□ The Norwegian state-run Aardal OG Sunddal Verk AS and the private concern Elkem-Sprinkler AS have withdrawn from a project designed to double Jamaican bauxite and alumina production.



BY THE FINANCIAL EDITOR

## Learning the hard way

News that the authorities had allotted the new index-linked stock, or at least a part of it, at a price of 86 (to give a real rate of return of just under 2.9 per cent), shook the gilt-edged market rigid last night—though the rise in United States prime rates and the further fall in sterling did nothing to help either. This morning we presumably start with the post-mortem. So is it right, then, to say that there has just been a major funding catastrophe?

Certainly, there are going to be those who are going to ask what has happened to the new 'vonder' stock. Here, after all, was the stock that was supposed to provide the ultimate answer to funding in difficult and uncertain times. Yet the authorities found themselves having to make an embarrassingly large 'cut' in price to find any worthwhile amount of stock at all.

But that is not all. In selling themselves having to sell stock on such a yield basis, the authorities have not only cut the feet from under all those who piled into the first issue—that stock fell £31 yesterday—but successfully pushed up the cost of any further conventional funding a few more notches. Long-dated stocks now yield around 15½ per cent.

Why, it might be asked, did the Bank not see it all coming? Was it not clear from the outset that a second issue so soon after the first (and with the first trading for much of the intervening period several points below par), was bound to be running a risk?

It may, perhaps, be that the Bank made a bad miscalculation. But that seems to offer no excuse for the gilt market to complain. Most fund managers made it very clear earlier in the spring that they considered a yield of nearer 3 per cent to be more in line with their needs and have now seized the opportunity of the Bank being, to some extent at least a forced seller in difficult circumstances, as their opportunity to press home the point. The fact that subscribers to the original stock have had their fingers burnt proves nothing more than the fact that some fund managers are wiser than others.

The key question, however, is probably this. After two issues have now progressed a long way down the learning curve with this new investment animal. Has the Bank done enough in dropping its price to establish an acceptable floor for this market to develop? Time will tell.

Mills & Allen Letraset

### An easy target

Judging by the ease with which Mills & Allen picked up nearly 15 per cent of Letraset in the market, Letraset will have a tough job persuading shareholders it should remain independent. Letraset has spent the last few years busily attempting to diversify away from its mature but successful dry-lettering business with conspicuous lack of success. The attempt to move into toys came to an end this year when the remaining toy companies were sold while the ill-timed move into stamps with the £19m acquisition of Stanley Gibbons



Mr. William Fieldhouse, chairman of Letraset.

and the subsequent £10m purchase of the Marc Haas collection has proved little short of disastrous.

Ironically, Letraset's disenchanted shareholders are now being offered an easy route to diversification in the form of a 38 per cent stake in a company which would largely consist of poster advertising, money broking and Letraset's traditional graphics business. Significantly Mills & Allen's offer attributes, by its own admission, nothing at all to the Letraset's stamps business so probably only values the graphics business—which is a strong cash generator and has continued to fare reasonably well through the recession after making £9.5m profit in 1979-80 on a fully-taxed exit p/e ratio of about 10.

There should, therefore, be room for

Letraset to haggle over the price being offered and there is always the possibility that another bidder might emerge who takes a less gloomy view of the stamps side and actually believes it is still worth something. Clearly, though, the stake Mills & Allen has now built up lessens the chances of this. Shareholders, meanwhile, can sit tight for the moment and wait for the battle lines to be drawn and Letraset to make its case.

Cocoa agreement

### Firm line needed

Cocoa's quick recovery over the past week or so raises some important questions about the behaviour of markets and the effectiveness of commodity agreements. Cocoa traders previously sceptical that a cocoa agreement could come into operation, or even generally dismissive of all such agreements, can now be heard agreeing with the International Cocoa Organisation's claim that once an agreement is in force cocoa prices will rise to the minimum intervention level of 110 cents a pound (about £1,300 a tonne).

Prices are still well below that level, but are going up quickly. September delivery cocoa has risen in London by nearly £200 since plans to go ahead with a fresh agreement were announced a week ago despite a slight fall yesterday. Prices are now back to the 1980 highpoint from which they started their nine-month slide and seem still to have momentum.

The fundamentals offer no obvious support. On the one hand, consumption measured by grinding figures seems to be rising, encouraged by recent very low prices. The rapid price increase and heavy trading volumes of the past week are said partly to have been generated by confectionery makers' purchases. The market also knows that the Ivory Coast has sold, perhaps, 40 per cent of next year's crop already. But on the other hand, Gill & Duffus is still expecting a 70,000-tonnes surplus this year and the producers' long-term plans are to raise capacity further.

It is odd, therefore, to hear that the possibility of an agreement is the main reason for the price increase. Some dealers reasonably see the agreement, which leaves out the United States and the Ivory Coast, as political, in the sense that the United Nations has put its prestige behind commodity agreements, and this one could not be allowed to fail. But if dealers are right about prices rising to the intervention level, the case for agreements is strengthened. The markets should make up their minds.

HP Bulmer

### Cutting costs

People may be drinking less cider, but HP Bulmer has emulated the best of its competitors in beer by cutting costs. In the year to April, pretax profits rose a remarkable 38 per cent to £4.5m, on a sales increase of only 15 per cent. What happens when costs are cut and inflation falls is shown by a current cost profits increase of 52 per cent to £3.7m. Equally remarkably, Bulmer looks set for another good profit increase this year to at least £5.5m. So a dividend rise of 10 per cent did not stop the shares jumping 22p to 237p yesterday, a new 1981 peak.

Recession, a bad summer and destocking meant a drop in demand but cider sales rose 11 per cent in money terms to £43.5m and trading profits soared 46 per cent. A 10 per cent rise in cider prices at the end of August, 1980 and a further 5 per cent last March tells part of the profits story; the rest is supplied by cost-cutting and the best apple crop ever, so there were no raw material problems. Bulmer also did a little better in pectin, and wines and spirits. However the cost of all this progress was an increase in interest charges from £2m to nearly £2.3m.

After a poor start, this year will benefit fully from the 5 per cent cider price increase last March, and the cost-cutting implied by an 11 per cent manpower cut. The main impact so far has been to contribute to £490,000 of exceptional items struck before pretax profits. All these seem destined to disappear next time. Bulmer's profits also last year were notably better than in the first. Meanwhile, cider continues to have a 40 per cent duty advantage over beer. One day the market may complain about stagnant cider sales and Bulmer's lack of tied houses, but not yet. The 5.7 per cent yield is well deserved.

## Consumers and manufacturers are worried about the showrooms decision

# Slow speed sell-off for high speed gas

The Government's order to British Gas to sell off its showrooms within five years is the boldest step yet taken in the name of privatisation and one which could have a significant effect on gas consumers.

The corporation says that it is folly, which will cause job losses, damage British manufacturers, lower safety standards and ultimately cut down customer choice and impair service.

The difficulty of assessing the likely effects of the Government's decision to sell off the showrooms is that any potential benefits will derive from increased competition, and competition is intrinsically uncertain. The dangers, on the other hand, are fairly obvious.

What is certain is that there is no shortage of competitors.

The leading British companies are Comet, CWS and Curry's, all of whom gave evidence to the Monopolies and Mergers Commission, which in a report a year ago described a sell-off of showrooms as "the radical option". British Gas believes that if companies like these are allowed to take over gas appliances retailing the gas industry would suffer.

Whereas a gas showroom can, for instance, sell a cooker and an installation, a customer buying from an ordinary retailer will have to arrange installation himself. The retailer might then offer the customer an electric cooker, which only has to be plugged in. In these circumstances the electric cooker will be the much more attractive proposition.

The only unqualified enthusiasm came naturally enough from retailers like Comet, whose managing director, Mr. Richard Pears, said last night: "I think the industry can and will gear itself up. We can easily quadruple our turnover."

Comet told the commission that it was at a unfair disadvantage at the moment because the best cookers are Superflame range—were supplied by manufacturers exclusively to British Gas. With a sufficient supply of cookers, and with fair competition, Comet said that it saw no reason why it should not bring its 4.5 per cent share of the gas cooker market up to the 8 per cent it held in electric cookers.

This does not, however, rule out the possibility that the market for gas cookers could shrink overall.

The door to foreign competition would be opened and the short-term effect would almost certainly be to force one or two British manufacturers out of business. It was also pointed out that domestic manufacturers could compete effectively in export markets because of what the Monopolies Commission called their "subservience" to the demands of British Gas. This has



Photograph by Mike Abraham

meant that British manufacturers have concentrated on producing various types of the standard free-standing cooker with eye level grill and ovens with internal flames.

The need to meet British safety standards has also tended to make them less competitive. On the Continent, where people apparently prefer ovens, compartments heated by an external flame (and providing a steady temperature throughout), there has been an increase in demand for built-in cookers.

This demand has also penetrated Britain, but of the built-in cookers sold by British Gas only 1 per cent are foreign-made. Firms like Schenker (France) and AEG (Germany) can be expected to step up imports to Britain.

The National Gas Consumers' Council is worried that independent retailers will want to handle only high volume lines and that many of the lesser known brands will disappear, ultimately reducing customer choice.

And, while increased competition will tend to lower prices, there will be additional costs for manufacturers arising from the need to supply many more retail outlets. Perhaps manufacturers have had it too good, benefiting not only from a stable and certain market, but also from British Gas's research and after-sales service. But the effect of removing that stable market could be traumatic.

The Society of British Gas Industries, representing the manufacturers, has made the Government aware of its view that the selling of showrooms will produce a decline in appliance sales, with independent retailers unable to fill the gap left by British Gas—a point borne

out by the Monopolies Commission report.

Mr. Bill Sinden, the society's director, said yesterday: "It seems to us to be a politically-based decision and, if it leads to a basically United Kingdom industry being swamped by imports, that would be a great pity."

One leading British manufacturer was more sanguine, pointing out that there was nothing to stop foreign competitors moving in now. They were not doing so, he said, because British households demanded a certain kind of product which British manufacturers were best able to supply.

He added, however, while preferring to remain anonymous, that the Government's decision was "grossly irrelevant". He said: "It is a tragedy to take a key part of the all too few successful sectors of this country and to risk playing around with it when no clear benefit has been identified by anyone."

Miss Rosemary McRobert, deputy director of the Consumers' Association, says that there is no evidence whatever to suggest that independent retailers would rush in to supply British Gas customers.

"Independent retailers have never been, and do not seem, very enthusiastic about selling more and a wider range of gas appliances."

"We have found nothing to indicate that, if British Gas is not allowed to sell appliances, gas consumers will find themselves with more choice. On the contrary, we fear choice could be reduced."

Other warnings, notably from British Gas, include the suggestion that independent retailers would fail to save energy through applying minimum standards of efficiency to products.

Advice on energy conservation and the chance to pay gas bills and arrange servicing and installation in person are other showroom services which would be jeopardised.

Since the Government has decided on legislation, that in itself will take until the autumn, at least. By the end of the first two years in which British Gas will be supposed to have met a certain sales target there may well be a general election and a change of government.

Sir Denis Rooke, the chairman of British Gas, is a stubborn defender of his industry and, if he can find ways of delaying the implementation of the Government's decision, he can be expected to do so. In the run-up to an election the Government might not be so determined to bring him to heel. Sir Denis's strongest ally will be his own workforce.

Rupert Morris

### BRITISH GAS APPLIANCE SALES 1980/81

	Number	% of market
Cookers	487,000	90
Central heating units	75,000	13
Fire, heaters	672,000	75
Water heaters	111,000	70
Fridges	16,000	100

Source: British Gas Corporation.

### Economic notebook

## Why the monetarists are wrong on unemployment

Back in 1976, when monetarism was becoming fashionable, one of its most fervent supporters in the City ended his rosy description of the advantages of monetarism with the words: "Of course, it cannot be done in Britain. The Government has not got the weapons to make it work."

Although monetarist base control was not even a gleam in Mr. Nigel Lawson's eye, I know that there was much talk of indexed stocks and the like and I asked him what he meant. "Water cannon," he replied. That was an honest, if discouraging, assessment of the chances of the monetarist experiment in Britain.

But what if the monetarist experiment is not a failure? What if, as Mrs. Thatcher's view, for her efforts had little to do with unemployment and unemployment nothing to do with monetarism. Even she is being forced to change the first his of that statement. How does the second half hold up? It is not enough to show that unemployment has gone up at a time when monetarism has been in fashion. That repeats the elementary mistake made by monetarists who say that because inflation and money supply expand together one causes the other.

There is a well tried escape route for the monetarist from the charge that his policies cause unemployment to rise. This is that there is a "natural rate" of unemployment, which will assert itself whatever governments do.

Although unemployment does sometimes rise above its "natural" level when monetarist policies are introduced, the theoreticians argue, the damage is only temporary while the gains are permanent.

What is the natural rate of unemployment? It is the fruit of a doctrine which believes that there is no trade-off between unemployment and inflation.

Most non-monetarist economists think that governments and society can, within limits, choose the level of inflation and lower rates of unemployment or can get inflation down at the price of throwing more people out of work.

Believers in the natural rate of unemployment deny this. They say that in the long run the economy has a natural rate of unemployment at which it will settle.

The natural rate theory is thus TINA. ("There is no alternative") in academic dress.

As a theory it has its good points, but contact with reality is not one of them. Unemployment ought always to be trying to get back to its natural rate whenever it goes above or below it. The only explanation of the rise over the past eight years would thus be that the natural rate of unemployment was much higher than the actual rate of unemployment.

But what does that mean for the natural rate of unemployment now? It could be four million, it could be three million, it could be any figure higher than the present one of 2.5 million. It is going up. But why is the natural rate something over three million now, when for long periods of the fifties and sixties unemployment stayed well below one million?

Hard-line supporters of the idea that unemployment cannot be cured by trying to expand the economy have a long list of problems in the labour market which they blame for the number of people out of work. The theory of the "excessive" social security benefits through bad housing policies to union monopolies being able to push up wages.

Very few of these are new.

More people now own their own homes, with the freedom to move which that gives. Those which have become stronger forces, such as the raising of the real rate of benefit to the unemployed, are changes of degree, not qualitative changes.

Neither research nor common sense suggests that the natural rate of unemployment is anything like as high as 2½ million, which is at present the actual number of people out of work.

Some defenders of monetarism do put the natural rate of unemployment at a very high level. Professor Patrick Minford of Liverpool University says that it is now two million. But figures such as this are in fact simply plucked from the air in an attempt to keep pace with the increase in the actual rate.

Constantly raising the figure that the natural rate is supposed to be is one way of keeping the monetarist theory of unemployment alive. The other is to admit that at the beginning of a monetarist experiment people may get things wrong. More people are prepared to admit this now than in 1979, when it was being discussed in the run-up to the election.

The past two years have been a resounding defeat for those who said that unemployment would not rise because of tight monetary targets, for the reason that workers would scale down their pay demands. This situation cannot happen. "Recession" is keeping its head down at the moment. The Liverpool University group, led by Professor Minford, makes few references to its confident assertion that there would be no drop in output.

The new defence is that any problems which occur are temporary. It is now said that any use of monetary policy always causes, falling, output

and rising unemployment in its early years, but that the unemployment will go away, leaving us with a permanent gain in lower inflation.

If that is really what they believe, the monetarists ought to spell out clearly just what the unemployment level they think is the natural one and how long it will take to get back to it.

And they ought to remember that for the hundreds of thousands of people who will be temporarily unemployed the loss is not something which will be undone when the recession is over. We only have one life and years spent on the dole cannot be brought back. These losses and the lost output caused by people remaining unproductive is likely to be the permanent residue of the monetarist experiment.

David Blake

## Business Diary: Taking the micro-chip to the mountain

Colorado Springs, flanked on the west by the peaks of the Rockies and on the east by the seemingly endless Great Plains, is one of the few places in the western world which the builders of nuclear fall-out shelters can be expected to avoid.

The answer lies deep inside Cheyenne Mountain on the outskirts of the town. It houses the nerve centre of NORAD, the North American Aerospace Defence organization. Supposedly impenetrable to nuclear attack, its computers and associated gadgetry hum incessantly, recording every piece of space debris and every missile launch around the globe.

Add to NORAD all the other military installations which cluster around the Springs and it is little wonder that the locals adopt a somewhat fatalistic attitude to satemen hawking. Refrains from a nuclear holocaust.

Few doubt that the Kremlin has the place marked down as a target for destruction. But the presence of NORAD has not deterred a growing band of electronics companies from putting down their roots in Colorado Springs. This industry, a fairly recent arrival, now employs about 8,000 people locally, with companies crav- ing the clear, fresh mountain air and dramatic scenery, which in turn has attracted some gifted people.

Honeywell and Hewlett-Packard are among the new taxpayer-backed firms, in which the National Enterprise Board has a 70 per cent stake. The Immos plant in Colorado Springs, now in full production, contains a growing band of British personnel, who are to run the company's first United Kingdom factory being built at Newport in South Wales.

But the casual observer could be excused for thinking that the Immos Colorado plant is an American-owned. Two flags flutter outside the main entrance of the building—the Stars and Stripes and the Colorado state flag.

When the Newport plant opens next year, Rex Mears, the plant manager, who was poached from Plessey Semiconductor, plans similarly to eschew the Union Jack. To enhance the plant's local identification he plans to run the Red Dragon of Wales up the flagpole outside.

While electronics is providing a vital impetus to the local economy, just a few miles to the south-west of Colorado Springs another industry, which set this part of the Union alive in the dying years of the nineteenth century, is poised to rise again.

The steep, though now fall- ing, rise in the price of gold over the past two years has



Comic and pugilist: Groucho Marx and Jack Dempsey, Cripple Creek gold men of yore.

prompted some big companies (and not a few smaller speculators) to move back into hills and valleys around Victor and Cripple Creek, which were at the centre of a gold mining boom at the turn of the century.

Gold was first discovered at Cripple Creek in 1890 and a couple of years later the tiny city of Victor was established just a few miles away at the foot of the richest gold bearing hills in the district. Production boomed and the towns expanded as thousands of miners and their families poured in.

Among those who found themselves caught in the Cripple Creek gold rush were Groucho Marx, who spent some

time working for a local grocery store after the collapse of the travelling show with which he was working, and Jack Dempsey, once employed in one of the mines in the Cripple Creek/Victoria area.

Although decline had set in more than 50 years earlier, it was not until the early sixties that the last mine finally closed. In the intervening years the two towns have attempted to eke out a living by exploiting their past.

Victor today lies off the beaten track, sleepy and almost forgotten. The ghosts of the gold diggers stalk the steeply sloping Main Street: paint peels in the burning sun and antique shops proliferate.

Tourism and the antiques business are the backbone of the local economy, each with its particular speciality. In sharp contrast to Victor's faded glory, Cripple Creek exudes an atmosphere of brash and unashamed commercialism aimed at lightening the pockets of the throngs of tourists who visit the place. Top up in period costume and have a sepia-print made of yourselves to show the folks back home or step into the Brasserie and play your cards on the shelves.

But it may not be too long before the gold diggers are back and tourism is relegated to second place. Texas Gulf Corporation and Golden Cycle Corporation are among companies which are involved in reopening some of the old gold workings. Using modern recovery techniques and with substantial sums already invested, along with other companies, to launch the second gold boom of the past hundred years.

The more enterprising restaurateurs of Cripple Creek have already taken to listing, alongside their bills of fare, gold and silver prices and the stock quotations of the principal mining companies which are active in the district.

Peter Hill

## TOTAL Compagnie Française des Pétroles

TOTAL Group — Compagnie Française des Pétroles in 1980 Annual Stockholders' Meeting of June 26, 1981

- Substantial increase in exploration;
- Appreciable rise in investment;
- Growing diversification into other energy fields;
- Continued dividend growth.

In his address, the President, M. René GRANIER de LILLAC, emphasized that CFP may not see an economic context, reflected particularly by an imbalance between product prices and those of crude, does not rapidly change for the better. The President reminded his listeners that during 1979 and 1980, while appreciably increasing its dividend, CFP was able to strengthen its financial base. The Company was thus in a position, despite difficult circumstances, to pursue and intensify its efforts to rationalize and adapt its refining and marketing tool, as well as to expand its interests in petrochemicals. It was also able to thoroughly reshape its exploration acreage, and the large-scale operations carried out to date have begun to bear fruit with a certain number of discoveries and production starts. The Company is also taking part in the development of substitute energies: uranium, solar energy, as well as coal, the renewed use of which is actively working towards.

In conclusion, the President expressed the hope that the trump cards held by the Company, in the same way as its positions in France and throughout the world, will not be thrown into question by a domestic price situation that would bring about retrenchment instead of continued growth.

Substantial increase in exploration: The year 1980 was marked by a sharp increase in exploration expenditure which amounted to nearly 1.5 billion francs as against nearly 0.7 in 1979, and by a tripling of crude oil acreage which rose to 1,850,000 square kilometers.

It should be especially noted that the Company reinforced its already held in certain countries in 1980, Egypt, Cameroon: new discoveries in the last two countries have to be mentioned and went into others such as Sudan, Ivory Coast and China.

Exploration in France was marked by continued seismic surveying on the Boulogne-Maupeuge peninsula in the northern part of the country, two wells drilled in the Mer d'Iroise, a well in the Golfe du Lion and seismic surveying in the deep offshore Mediterranean.

Appreciable rise in overall investment: Investments made in 1980 amounted to nearly 7 billion francs (as compared to nearly 2.9 in 1979) with, more especially, 2.6 billion francs for exploration/production, 2.6 billion francs for refining/marketing and 1.2 for petrochemicals. In 1980 the petrochemical assets of Rhône-Poulenc were acquired which brought the size of the ATO grouping up to international scale.

Growing diversification into other energy fields: While total oil supplies available to the Group dropped around 10% in 1980 compared to 1979, with 63.3 million tons, those of natural gas rose 14% with 5.5 billion cubic metres.

The diversification carried out in the uranium and coal sectors is already showing results while the search for new resources and new markets on various continents continues.

In 1980, in the solar field, the TOTAL Group acquired a share in the capital of the leading French producer of thermal collectors, the GIORDANO Company, while its subsidiary Photon Power took delivery of the commercial pilot plant for manufacturing photovoltaic cells in El Paso, Texas.

Continued dividend growth: Total earnings per share (including a 9 franc tax credit for French shareholders amounting to 27 francs compared to 22.50 in 1979). The dividend will be paid out on July 2, 1981.

Some figures for the Group: (in billion francs)

	1980	1979
Sales	100.0	73.5
Investments	43.5	31.1
abroad	57.5	42.4
Cashflow	9.5	10.3
Earnings (excluding inventory incidents)	5.0	6.2
Investments	0.69	2.4
Dividend	6.9	2.9

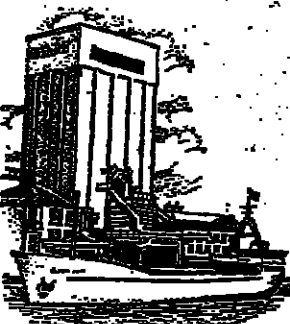
The brochure "Compagnie Française des Pétroles in 1980" is available on request, in French and in English, from the Service Diffusion - 5, rue Michel-Ange 75781 PARIS Cedex 16-France.



# Pauls & Whites are investing...

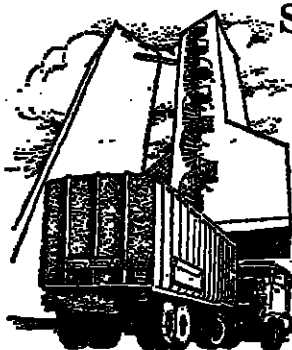
## ...In Products

More efficient use of raw materials has held down the cost of animal feed and helped to increase the Company's share of the market. Continued prize-winning work on energy conservation has helped contain the cost of malt production.



## ...In Britain

£15.6m of investment in the last two years. The new malting plant at Buckie - the largest of its kind - sited in Speyside to serve the Scotch whisky industry; the new feed mill at Preston to give improved service to farmers in the North West; the new plant at Reigate to extract flavouring constituents from hops has generated international interest; and the new savoury food flavours plant at Milton Keynes.



## ...In People

Under the Profit Sharing Scheme introduced in 1979, two-thirds of our employees now receive shares in the Company each year. Current pensions are again being increased to help pensioners with the problems of inflation.

Results To 31st March	1981 £000	1980 £000	Increase %
Sales	241,773	220,680	10
Exports	15,552	11,234	38
Pre-tax profits	8,611	7,977	8
Earnings per share	27.15p	21.96p	24
Dividends	6.50p	5.75p	13

Pauls & Whites is one of Britain's leading companies serving British agriculture and the food and drinks industry worldwide, producing malt, animal feed, food flavours, hop extracts, caramel, flour, pigs, seeds, vegetable oil and maize products.

Copies of the Report & Accounts can be obtained from:  
The Secretary, Pauls & Whites Ltd.,  
47 Key Street, Ipswich, Suffolk.



**Pauls & Whites**

# BP worries rock equities

Staggering under the weight of fund-raising operations, the market lost further ground yesterday, with concern over BP's rights issue leaving equities sharply lower.

Gilt were also badly hit, despite Tuesday's better than expected banking figures, with losses of up to £2 generally. This was in response to the announcement at 3.30pm that the latest index-linked stock, Treasury 2 per cent 2006, had received only moderate support and would open at 288 when dealings began today. This was well below most expectations and produced a flurry of selling when trading was resumed an hour later. The present index-linked issue Treasury 2 per cent 1996 ended £34 lower at £92.

Elsewhere, falls of around £1 1/2 were reported in long with shorts falling by up to £4.

Equities came under pressure as news that a large part of the BP rights issue would be left with the underwriters continued to circulate. Early estimates suggest the 2p to 50p of the RMG stock could be left with the underwriters. Having lost its premium completely at one point, the RMG finally closed with a premium of only 12p with the new ordinary down 7p at 11p premium. The ordinary shares ended 8p lower at 286p.

Dealers remained perturbed by too much paper chasing too little money and it was clear last night that a major fund-raising operation was under way by most of the City's leading institutions.

But had it not been for the savage marking down of prices on Tuesday the situation might have been worse. As it was, most of the selling was contained and the FT index closed only 7.1 lower at 522.4, having opened 21 up, helped by a certain amount of bear closing.

Leading industrials were again a prime target for the sellers which resulted in some heavy losses. ICI fell 6p to 266p, Bescan 6p to 212p, Glaxo 4p to 372p, Unilever 3p to 573p, Fisons 7p to 133p, BOC International 4p to 130p, Dunlop 2p to 77p, Distillers 3p to 221p, and Bowater 2p to 259p. GKN eased 2p to 137p after the sale of some of its Middle East interests, while favourable comment limited the fall in British

Brokers Hoare Govett yesterday placed the ramp of 6m shares in European Ferries at 80p after its recent rights issue for £36m. Elsewhere, 500,000 shares of Blue Circle were placed at 47p and 250,000 of GEC at around the market level.

Aerospace to 1p at 26p.

The one bright spot of the day was the market debut for Memec (Memory and Electronic Computers), the shares of which were oversubscribed 58 times last week. The shares were originally offered at 140p and soon leapt to 204p before settling at 197p for a rise on the day of 57p.

Shares of Letraset jumped 25p to 109p after a surprise dawn raid for 15 per cent of the company by brokers Cazenove.

Mills & Allen merged as the author and joint bid for the company valuing Letraset at 110p a share. However, Mills & Allen had already lost 31p to 43p.

Higher-than-expected profits added 22p to BP Bulmer at 237p. John Waddington rose 4p at 18p, Fashion & General 2p to 277p and Molles Group 3p to 104p, all making ground after Friday's news. But Associated Fisheries slipped 1p to 57p and Homfray 1p to 12p after figures.

Still benefiting from recent trading news, Romper Holdings rose 10p to 221p, while profit-taking left Haslewood Foods 10p lighter at 245p.

British Benzole added 1p to 24p on further consideration of planned capital proposals and Mercantile House rallied 20p to 903p after recent figures and rights issue news.

Shares of William Collins "A" responded 8p to 158p on the news that News International had increased its stake and Rand Mine Prospects were suspended at 318p before Barlow merger was announced.

The insurance sector remained firm, still in the belief that a dawn raid on one of the composites was imminent. Commercial Union, tipped as a

likely candidate, rose 2p to 177p, but after an initial flurry of selling, Accident lost 10p to 330p, GRE 10p to 330p, Royal Insurance 8p to 371p, Eagle Star 6p to 315p and Sun Alliance 10p to 89p.

Oils remained depressed by the BP news with Ultramar Astra Industrial Group, the metals engineering and property group headed by Mr Dennis Dukes, is its admirers over, soon to report nearly double profits for the year to last April. The shares rose 11p to 19p yesterday, within a whisker of the 1981 high of 20p.

down 7p at 428p, Lasso 10p at 517p and Tricentrol 6p at 234p all badly affected.

Equity turnover on July 7 was £120.267m (16,143 bargains). Active stocks yesterday, according to the Exchange Telegraph, were: Comm Union, Mills & Allen, BP Bulmer, Royal Ins, Shell, BP, Torm EMI and Rascal.

Traded options: Renewed demand saw 2,020 contracts recorded of which BP accounts for 323. Calls for puts amounted to 1,101.

## FINANCIAL NEWS

### Stock markets

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# Homfray to cut more jobs as losses continue

By Philip Robinson

Loss making West Yorkshire carpet maker Homfray said yesterday that it will cut more of its workforce before it can return to profit.

For the six months to last March, the group virtually halved losses to £1.5m on a turnover which eased from £14.7m to £13.5m. In that period it cut the workforce from 720 to 520 and says that by the end of its financial year in September the figure will be down to 350.

The group has passed the interim dividend again and the shares lost 1p to within a whisker of their year's low at 12p.

Redundancy and closures cost Homfray £57,000 in the opening half, and Mr Hugh Sykes, the new chairman who took over earlier than planned after Group Captain Denis Gilling retired on medical advice, says there will be a similar substantial cost in the second half.

But without making a forecast, he hints that the group should be approaching break-even in 1982. He is quietly confident of a significant contribution from the group's wholly owned, Australian operation which in this year's first half lifted profits from £47,000 to £82,000.

Closure of one of its major factories has released assets with a £5m book value which are up for sale, and £2m worth of capital spending over the last two years has given the group production costs that are among the lowest in the carpet industry.

Mr Sykes says there will also be a move to reduce overheads which, although higher during the first half, ended the six months at £8.5m, unchanged on last September's figure.

Mr Sykes said that the group is now concentrating on higher quality products where, despite market conditions, it is still possible to achieve selling prices which give some reward for productive effort. He adds that the weaker pound is creating further export possibilities. Four years ago about one third of production went out of the United Kingdom. This year the figure was nearer 10 per cent.

Barlow Rand merger

By Michael Prest  
Mining Correspondent

Barlow Rand, one of South Africa's biggest mining and industrial groups, is merging two of its subsidiaries, Transvaal Consolidated Land & Exploration and Rand Mines Properties.

Both companies are 60 per cent owned by Barlow. Under the deal, TCL is offering one of its shares for every seven RMP shares. The offer, which is open to all shareholders, values RMP at £37.2m.

On Tuesday evening, before the two companies' shares were suspended in London, TCL stood at £21 a share while RMP was 29p, at which seven shares were worth £2.03. TCL is also offering one share, plus 105 cents cash, for every eight RMP shares.

As their names suggest, RMP and TCL are landholding companies in the Johannesburg area. But TCL also has a large number of investments in gold mining companies, notably Barmony and Blyvooruitzicht. TCL has other interests in coal, chrome, asbestos and forestry.

RMP has itself been moving recently into the treatment of slimes and sands on its properties. Many of these dumps contain gold from abandoned mines. The takeover has partly been motivated by RMP's growing interest in mining rather than property and by TCL's corresponding interest in gold mining investment opportunities.

TCL says that although an increase in its authorized share capital will be necessary, the dilution in earnings this year should be small. TCL made a pretax profit of £94.4m (£55.5m) in 1980; RMP's pretax profit was £9.3m.

London analysts see the takeover as a tidying up operation within the extensive Barlow group. In the year to the end of September, 1980, Barlow made pretax profits of £81m. There was speculation in the market that Barlow might soon acquire the outstanding 40 per cent of TCL.

Business appointments

Three named to board of the Weir Group

Mr Derald Ruttenberg, Mr I. M. Boyd and Mr W. A. McLean have been appointed to the board of the Weir Group.

Mr R. F. Morgan has been appointed to the board of Laporte Industries (Holdings) with effect from September 14. He is to succeed as finance director Mr J. K. Steward, who will be retiring on January 31, 1982.

Mr David Dunn and Mr Donald Spencer have been appointed non-executive directors of Ransome Hoffman Pollar.

Following the retirement of Mr Anthony Weman on September 30, Mr Roy Wadland, at present London director of Wedgwood, will succeed him as managing director of the Wedgwood group's Coalport division.

Mr Leslie Chalacombe continues as production director of the Coalport and Crown Staffordshire divisions. Mr David Martin has relinquished his position as sales director of Coalport to become Wedgwood sales director, based at the Barlaston headquarters of Josiah Wedgwood & Sons. Mr J. Russell Lovatt, previously general sales manager, has become Wedgwood sales director (overseas). Mr William Taylor continues as Wedgwood sales director (Europe).

Mr Robert Napier has been appointed director of finance at Redland, with effect from September 1.

Mr Ralph Raby has become a limited partner of Buckmaster and Moore.

## Record year for Hollas

By Rosemary Unsworth

Hollas Group, the Cheshire textile and garment importer, managed to improve its profits last year to record level in spite of a decline in margins.

Pretax profits went from £2.02m to £2.12m in the 12 months to March 31 while turnover climbed by £8m to £35.8m.

Trading at the group's yarn processing factories lost £250,000 and four factories were closed and another two amalgamated. The costs of the reorganization and redundancies appear below the line at

£376,000 compared with the previous year's £254,000, which was incurred partly through the disposal of Bonas Webb and a relocation.

The group's garment importing division, which supplies retail chains such as British Home Stores, Debenhams and Littlewoods, provided about 80 per cent of the profits with the household textile side.

The majority of the garments are imported from the Far East and nearly two thirds of the textiles come from the United States, Spain, Italy and Canada, but Mr Tony Lawson, the chairman, said that sterling had not had an adverse effect on those results because of agreements for compensation on exchange fluctuations.

Borrowings rose from £1.5m to £2.3m last year but the increase was because of the Threlks acquisition and its overdraft.

The final dividend has been maintained at 5.71p gross, which with the interim of 2.86p gives a same-again payment of 8.56p. The current year should produce results at least as good as 1981, Mr Lawson added, although margins remain under pressure.

Mr Anthony Pilkington, chairman of Pilkington Brothers, told shareholders in his annual report that trading remains extremely difficult in the UK, with no improvement expected until at least the second half.

He said he did not expect the group to make another £12m loss in the UK this year, but it would continue to make losses until demand picked up.

Float glass operations are working at 70 per cent capacity, while the fibres division is running at only 50 per cent capacity. Further redundancies are expected.

Bodycote International deal with Ix Group

Bodycote International has entered into an agreement from September 1, with Frank Ix and Sons Inc, in association with Ix Ireland (weavers of synthetic and blended fabrics) whereby the Ix Group will continue the business of William Denby and Sons (dyers and finishers).

This will enable Ix Ireland to have dyeing and finishing facilities to aid its rapidly expanding position in the United Kingdom and EEC.

Bodycote will continue to operate and develop its other subsidiary at Baldock, Denham, coaters and laminators of fabrics, but in all other respects will cease to operate

## Associated Fisheries declines

Associated Fisheries made lower profits, down from £638,000 before tax to £335,000, in the half year to March 31, but the figures showed some improvement over the preceding half year, when the group made a £633,000 loss. The interim dividend is unchanged at 0.36p gross.

The group has continued to reduce its fishing fleet, which now comprises 22 operational vessels, 11 on oil-rig standby and three permanently laid up. The number of employees at Hull has been cut. But a

reduced mackerel quota, low prices and higher operating costs pushed up half-year trading losses from fishing subsidiary British United Trawlers from £38,000 to £507,000, although there was a small underlying improvement on the second half of 1979-80.

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## Stock Exchange Prices

### Further losses in gilts

ACCOUNT DAYS: Dealings Began, June 29. Dealings End, July 10. \$ Contango Day, July 13. Settlement Day, July 20.  
 6 Forward bargains are permitted on two previous days

[illegible]



















Eleven industrial groups would be nationalized as well.

If the hunger strike crisis is not resolved by the time of his

Sir John, who will earn around £100,000 a year on a minimum two-year contract, said: "I am here irrespective of whether the licences are renewed. I have a mandate to organize Playboy's diversification."

Mr Sidney West, district officer for the union in the North-east, pointed out yesterday that Mr Cummings had never claimed social security before. He agreed that awarding a penny a week was ridiculous and added: "A lot of their decisions are ridiculous."

Mr. Prior said he had told the JUC that he would like to hear its views immediately after the Congress in September : " That will not be too late and the Government will be able to take its views into account." I think it is premature that we have

ite	c 27 81	Karlsruhe	c 24 75	Hamburg	c 25 77	Vancouver	c 16 61
ite	c 21 70	Meklati	c 22 72	Neirbold	c 25 77	Vancouver	c 16 61
jeone	c 23 73	Isumbruck	c 26 79	Nice	c 25 77	Venice	c 27 81
jeus	c 27 81	Istambul	c 22 72	Oslo	c 24 75	Vienna	c 26 79
jeis	c 27 81	Jeddah	c 34 102	Paris	c 27 81	Warsaw	c 24 75
jepest	c 25 77	Johannesburg	c 10 50	Prague	c 26 79	Washington	c 25 77
je	c 31 88	Lao Palamu	c 24 75	Reykjavik	c 13 55	Zurich	c 25 77